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IN THE
SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1978

NO. 79-396

J. B. ROSE, FLORENCE ROSE and BROWNIE-ROSE CANDIES, INC., ON BEHALF OF THEMSELVES INDIVIDUALLY AND AS TAX PAYERS OF THE CITY OF LOS ANGELES AND STATE OF CALIFORNIA, AND ON BEHALF OF ALL OTHER TAX PAYERS OF THE CITY OF LOS ANGELES AND STATE OF CALIFORNIA,

Petitioners

vs.

THOMAS BRADLEY, in his capacity as the MAYOR OF THE CITY OF LOS ANGELES, C. ERWIN PIPER, individually and as CITY ADMINISTRATIVE OFFICER of the CITY OF LOS ANGELES, SAMUEL YORTY, CHARLES LUCKMAN AND ASSOCIATES, a corporation, CHARLES LUCKMAN, SAM BURNETT, ROBERT McRAE, THE CITY OF LOS ANGELES, a Municipal corporation,

Respondents

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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Petitioners

vs.

THOMAS BRADLEY, in his capacity as the MAYOR OF THE CITY OF LOS ANGELES, C. ERWIN PIPER, individually and as CITY ADMINISTRATIVE OFFICER of the CITY OF LOS ANGELES, SAMUEL YORTY, CHARLES LUCKMAN AND ASSOCIATES, a corporation, CHARLES LUCKMAN, SAM BURNETT, ROBERT McRAE, THE CITY OF LOS ANGELES, A Municipal corporation,

Respondents

Petitioners, J. B. Brown, Florence Rose and Brownie-Rose Candies, Inc., on behalf of themselves individually and as tax payers of the City of Los Angeles and State of California, and on behalf of all other tax payers of the City of Los Angeles and State of California, prays that a Writ of Certiorari to review the opinion and Judgment of the United States Court of Appeals for the

Ninth Circuit filed on the above entitled case on August 7, 1979.

OPINION BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit is an unpublished Memorandum which appears in Appendix A to this Petition, A.1 - A.3 , infra.

JURISDICTION

The Judgment of the United States Court of Appeals sought to be reviewed was filed on August 7, 1979. The jurisdiction of this Court is invoked under the United States Constitution, Fifth and Fourteenth Amendments; 28 U.S.C., §1331 and §1343; and 42 U.S.C. §1983.

QUESTIONS PRESENTED

1. Do the Civil Rights Jurisdiction Statutes reach cases of fraud conducted under the guise of the guise of an eminent domain proceeding?

2. Where there has been a course of conduct amounting to fraudulent misrepresentation, concealment, perjury and studied imposition on the court, which course of conduct was neither discovered nor discoverable until after such conduct resulted in a final judgment, can the doctrines of collateral estoppel or res judicata defeat a cause of action seeking damages resulting from such conduct?

3. Should an evidentiary hearing be granted where there is probable cause to believe that a miscarriage of justice would

result from application of the doctrines of res judicata or collateral estoppel?

4. Are the Petitioners entitled to maintain an action to recover on behalf of the State, funds which have been illegally misused by a local entity?

STATEMENT OF THE CASE

This case comes to this court after Motions to Dismiss the Complaint were granted without leave to amend. An order of dismissal was filed. At the time it opposed the defendants' motions, the plaintiffs asked the court to grant the appellants' motion for an evidentiary hearing.

A notice of appeal from the judgment of dismissal was filed.

The Complaint essentially relates a tale of governmental overreaching in the acquisition of property from the appellants. For purposes of this appeal those facts are admitted. Incidental to the scheme to reap windfall profits for the Luckman defendants, the City embarked upon a course of conduct to bilk the state gas tax fund. The scheme was spectacularly successful. The efforts of the appellants to recoup, for the state, its misspent gas tax funds are set forth in the second cause of action.

In an effort to present "probable cause" type facts to the court the appellants asked for an evidentiary hearing on the subject of whether this was an appropriate case to suspend the operation of the doctrine of collateral estoppel and res adjudicata, assuming, arguendo, they are applicable. That motion was denied.

STATEMENT OF FACTS

On or about May 4, 1959, the Defendant City of Los Angeles filed a complaint in condemnation in the Superior Court of the State of California for the County of Los Angeles, LASC No. 932216, and sought therein to condemn certain parcels of the property of Plaintiffs for a public use.

Said parcels were numbered 115AA, 116AA and 115R and 116R. The named plaintiffs herein were the owners of said property. Said properties were described in said complaint and are located in the City of Los Angeles and are contiguous to the Los Angeles Convention Center.

On or about February 25, 1970, a judgment in said condemnation case became final. Said judgment inter alia, condemned to the use of the City of Los Angeles the subject parcels.

Plaintiffs allege that the condemnation of the R-parcels was by false and fraudulent means and not for any public use all as hereinafter set forth.

Plaintiffs allege that Pipe individually and as CAO conspired together with Charles Luckman Associates, Charles Luckman, and Sam Burnett, Robert McRae, Sam Yorty and Austin M. Hill, not a party to this action, now deceased, to prevent the Plaintiffs from litigating the issue of public use and to take the R-parcels from the Plaintiffs.

The conspiracy and fraud heretofore alleged consisted of the following overt and covert acts of the Defendants:

(a) The R-parcels were designated as parcels to be used for "Reservations" for light and air to wit: to provide open space in conjunction with the development of the Los Angeles Convention Center and certain accesses thereto and for a working area during the course of construction, and were thus represented to the plaintiffs and the Court.

(b) Plaintiffs allege that prior to the above representation Piper, Charles Luckman Associates, Charles Luckman, Sam Burnett, and Sam Yorty agreed that some of the R-parcels should be taken to provide a site for a future hotel and trade center, and others to be held for speculative price increases. It was by them contemplated that the 115-R and 116-R sites would be made available to Charles Luckman Associates and Charles Luckman at less than the site's true market value. Thereafter, it was contemplated that Piper, CLA, Charles Luckman, Sam Burnett and Sam Yorty would share in profits to be made from the construction, development and operation of said hotel and trade center. It was further contemplated that the City of Los Angeles speculate with other sites for an increase in value so that much of the cost of the Convention Center project would be recouped.

(c) In furtherance of the conspiracy, Sam Burnett, who was the Chief Design Architect employed by Charles Luckman Associates in the plan for the Los Angeles Convention Center, did falsely testify that he knew of no plan for the use of the R-parcels other than the "Reservation" purposes. In truth and in fact Sam Burnett knew of plans that had been made to put the R-parcels to the use and occupancy of a hotel and trade center.

(d) In furtherance of the conspiracy, Piper did falsely testify and represent to the plaintiffs that he knew of no plans for the use of the R-parcels other than for the "Reservation" purposes. In truth and in fact Piper knew that plans had been drawn and proposed by CLA and Charles Luckman and Sam Burnett for use of said parcels for hotel and trade center development. Piper expressly denied such knowledge when asked specifically if he knew whether CLA offered to purchase or represent people offering to purchase the contiguous areas of the Convention Center for use of private industry.

(e) In furtherance of the conspiracy, Austin M. Hill, who was the Director of the Bureau of Right of Way and Land of the City of Los Angeles, and acting within the course and scope of said agency, did testify and represent to the plaintiffs that he knew of no purpose for the acquisition by the City of Los Angeles of the R-parcels other than for "Reservations" and that nobody within or without the government of the City of Los Angeles had ever consulted with him with respect to any purpose whatever. In truth and in fact Austin M. Hill had met with and discussed with Robert McRae, Pipe, Charles Luckman and Sam Burnett, as a representative of the Charles Luckman Associates, the proposed hotel and trade center.

(f) In furtherance of the conspiracy, Piper, as CAO, authorized the expenditure of certain gas tax funds, which were State of California trust funds, then under the control of the City of Los Angeles, for the acquisition of plaintiffs' R-parcels among other R-parcels designated as Parcel 101-R through 114-R, 117-R through 119-R, 123-R

and 126-R. The expenditure of said gas tax funds was in the sum of $1,051,675.54.

Said gas tax funds were, and are, reserved for the use of street and road construction purposes only.

Said gas tax funds were expended illegally and for the purpose of further concealing the true intent and purpose of the acquisition of plaintiffs' properties.

(g) Plaintiffs allege that in furtherance of the conspiracy Austin M. Hill and Robert McRae instructed the Right of Way agents responsible for acquiring the R-parcels to represent to the owners that it was the desire of the majority of such owners to sell the R-parcels.

Plaintiffs did not learn of the aforesaid conspiracy until May 16, 1972.

All of said meetings, by and between the defendants, were secret meetings for the purpose of not revealing to the public in general and the plaintiffs in particular the specific reasons and purposes of the acquisition of the R-parcels.

Access to the records and files concerning such purposes was denied the plaintiffs.

As a proximate result of the false and fraudulent representations and testimony, plaintiffs were deceived into believing that their R-properties were being acquired for public use.

In furtherance of the conspiracy, as aforesaid, the defendant willfully deceived

plaintiffs and covered up the true purpose of the acquisition of plaintiffs' property from the knowledge of the City Attorney of the City of Los Angeles and his principal deputy attorney in charge of the acquisition.

But for such deception and cover up by the defendants, the City Attorney and his principal deputy attorney in charge of said acquisition would have made known to the Court and to the plaintiffs that the acquisition was not for any public use, and that there was neither necessity nor authority to condemn or otherwise acquire the R-parcels.

Said conspiracy to defraud plaintiffs, with its misrepresentations and concealments was practiced by the defendants upon the City Council of the City of Los Angeles prior to the passage of City of Los Angeles Ordinance #1326298.

At all times mentioned herein the defendants held themselves out to be worthy of complete trust and reliance.

At all times mentioned herein the defendants expressly represented to the plaintiffs that they, the defendants, by reason of their superior knowledge, and by reason of their positions vis-a-vis the City of Los Angeles, the World Trade Center Authority, and the Convention Center Authority had divulged all the information which they had or was available with respect to the purpose for which the plaintiff's properties were being acquired; and that such information could be relied upon as the entire truth on the subject.

At the time such representations were made, the defendant Piper was the City

Administrative Officer and the defendant Sam Burnett was the Chief Project Architect of the Convention Center Project of Charles Luckman Associates.

As a proximate result of said misrepresentations and concealments practiced upon the City Council, said Council duly enacted into law Ordinance #1326298.

But for said misrepresentations and concealments, said City Council would not have enacted Ordinance #1326298.

Ordinance #1326298 provided, inter alia, that the acquisition of the R-parcels was necessary for the public uses stated in said Ordinance.

But for the passage of said Ordinance, plaintiffs' properties would not have been condemned by the City of Los Angeles.

Since the question of Public Necessity is not justifiable in a condemnation case, the fraud practiced to obtain passage of said Ordinance which declared such Public Necessity, was not and could not have been litigated in the condemnation action. Thus, plaintiffs were prevented by said fraud and concealment of the defendants from raising such issue in the condemnation action.

Plaintiffs justifiably relied upon such testimony and representations by not pursuing the issue of public use beyond such testimony and representations.

But for such testimony and representations, plaintiffs would have pursued the issue of public use beyond such testimony and representations.

Plaintiffs allege that the owners of the R-parcels other than the named plaintiffs herein were similarly deceived and tricked into selling their entire properties to the City of Los Angeles when only a portion thereof was necessary for the public use contemplated.

REASONS FOR GRANTING THE WRIT

I

THE CIVIL RIGHTS STATUTES ARE AMPLE TO CONFER FEDERAL JURISDICTION

One of the condemnor's principal substantive arguments in the case at bench is that in selecting the amount of land to be taken by eminent domain, the condemnor has absolute discretion, and under California decisional law the power to engage in ages of fraud, bad faith and abuse of discretion, and such behavior on the part of the condemnor and its co-conspirators is not subject to inquiry by the judiciary.

However, the subject of abuse of power by state officials to the detriment of the constitutional rights of citizens and other persons within the jurisdiction of the states is the subject of federal legislation, and subject to redress by Federal courts.

Congress, in enacting 42 U.S.C. §1983, has created a cause of action in federal courts for interference by state officials with the constitutional rights of citizens of the United States.

42 U.S.C. §1983 provides:

"Every person who, under color of any statute, ordinance, regulation, custom or usage, of any state or territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

The purpose of 42 U.S.C. §1983, as shown below, is to deal with two situations:

A. Where state officials abuse their power under color of state law, and

B. Where the state has legislation capable of providing redress to the aggrieved citizen, but which legislation is either not enforced or not applied by the state.

Both of the situations which the Congress intended to guard against by enacting 42 U.S.C. §1983 are present in the case at bar.

First, the condemnor argues expressly that under decisional law of California, the condemnor has the power to engage in acts of fraud, bad faith and abuse of discretion in selecting the amount of land to be taken by eminent domain. Second, the California Constition provides for other more extensive excess takings it is in derogation of the Constitution.

Therefore, property owners have, in the case at bar, a cause of action under 42 U.S.C. §1983.

PROPERTY OWNERS HAVE STATED A CAUSE OF ACTION UNDER 42 U.S.C. §1983

The leading modern case construing 42 U.S.C. §1983 is Monroe v. Pape (1961) 365 U.S. 167, 5 L.Ed.2d 492.

The principal issue considered by the Superior Court in Monroe was - "... whether Congress in enacting R.S. §1979, [42 U.S.C. §1983] meant to give a remedy to parties deprived of constitutional rights, privileges and immunities by an official's abuse of his position." (365 U.S. at 172, 5 L. Ed.2d at 497.) The Supreme Court answered the above issue in the affirmative, and held by an 8 to 1 decision that 42 U.S.C. §1983 is applicable to all deprivations of constitutional rights by all states.

> "Although the legislation was enacted because of conditions that existed in the South at that time, it is case in general language and is applicable to Illinois as it is to the states whose names were mentioned over and again in the debate. It is no answer that the state has a law which if enforced would give relief. The federal remedy is supplementary to the state remedy, and the latter need not be first sought and refused before the federal one is invoked."
>
> (365 U.S. at 183, 5 L.Ed.2d at 502 - 503.)

The holding of the U.S. Supreme Court in Monroe is directly applicable to the case at bar:

> "It is abundantly clear that one reason the legislation was passed was to afford a federal right in federal courts because, by reason of prejudice, passion, neglect, intolerance or otherwise, state laws might not be enforced and the claims of citizens to the enjoyment of rights, privileges, and immunities guaranteed by the 14th Amendment might be denied by the state agency."
>
> (365 U.S. at 180, 5 L.Ed.2d at 501.) (Emphasis added.)

In the case at bench property owners have alleged a failure by the state courts to enforce state law, namely, limitation on excess taking by the condemnor.

42 U.S.C. §1983 is applicable to acts of state officials abusing their position. See Beauregard v. Wingard (1964) 230 F.Supp. 167, cited with approval by the U. S. Supreme Court in Dombrowski v. Pfister (1965) 380 U.S. 479, 14 L.Ed.2d 22, 30.

> "Congress meant to give a remedy to one deprived of constitutional rights by an official's abuse of his position." 230 F.Supp. at 183 (Emphasis the Court's).

42 U.S.C. §1983 is applicable where the state action complained of violates the provisions of the Bill of Rights made applicable to the states by the due process clause of the 14th Amendment. Monroe v. Pape, 365 U.S.

at 171, 5 L.Ed.2d at 496-497. The provisions of the 5th Amendment limiting powers of eminent domain are binding on the states through the 14th Amendment, both as to the requirement that the taking be for a public use (Citizens' S & L Assoc. v. Topeka (1874) 20 Wall. 655, 22 L.Ed 455; Madisonville Traction Co. v. St. Bernard Mining Co. (1904) 196 U.S. 239, 49 L.Ed. 462; Cincinnati v. Vester, 33 F.2d 242, aff'd 281 U.S. 439, 74 L.Ed. 950) as well as that just compensation be paid (Chicago, B & O R. Co. v. Chicago (1896) 166 U.S. 226, 41 L.Ed. 979; Olson v. U.S., 292 U.S. 246, 78 L.Ed. 1236; Gideon v. Wainwright (1963) 372 U.S. 335, 341-342, 9 L.Ed.2d 799, 803-804).

Therefore, under authority of Monroe v. Pape, the case at bar states a cause of action and is properly brought in this court under 42 U.S.C. §1983.

In its opinion in Monroe v. Pape, supra the Supreme Court relied on U.S. v. Classic (1940) 313 U.S. 299, 85 L.Ed. 1868. The opinion in Classic is also directly applicable to the case at bench. For in Classic, the Supreme Court held that state officials who abuse their power are answerable to federal courts in a civil action, even though such abuse of power is counternanced by state law or state officials.

> "Misuse of power, possessed by virtue of state law and made possible only because the wrongdoer is clothed with the authority of state law, is action taken 'under color of' state law. (citations)"
>
> U.S. v. Classic, 85 L.Ed. at 1383.

The reasoning of the U.S. Supreme Court in Monroe and Classic applies a fortiori to the case at bench. For in the case at bench it is the condemnor's express argument that by decisional law of California (People v. Lagiss, 223 Cal.App.2d 23, People v. Chevalier, 52 Cal.2d 299) The condemnor has the power to abuse its discretion, and to engage in acts amounting to fraud and bad faith in selecting the amount of land to be taken by eminent domain.

Thus, the case at bench is clearly within the purview of 42 U.S.C. §1983. Here we have an act under color of state law - the condemnor's action in eminent domain in the state court under authority of the condemnor's ordinance of necessity and purportedly pursuant to the California Constitution. This action by the condemnor - to use the words of the Supreme Court in Classic - is "made possible only because the [condemnor] is clothed with the authority of state law."

Thus under the Classic doctrine, condemnor's acts are "action taken 'under color of' state law," and give rise to this action in federal court because 42 U.S.C. §1983 is equally applicable where the acts of state officials acting under color of state law interfere with property rights protected by the Constitution. Sheridan v. Williams (1964) 9th Cir., 333 F.2d 581.

42 U.S.C. §1983 is to be liberally construed (Basista v. Weir (1965) 340 F.2d 74) and its violations are actionable in federal courts regardless of whether there are actual or theoretical state remedies, and regardless of whether such state remedies have been exhausted. Armstrong v. Board of Education (1963) 323 F.2d 333; Marshall v.

Sawyer (1962) 9th Cir., 301 F.2d 639,646; U.S. v. Livingston (1959) 179 F.Supp. 9, 12-13, aff'd 364 U.S. 281, 4 L.Ed.2d 1719; McNeese v. Board of Education (1963) 373 U.S. 668, 671-672; 10 L.Ed. 2d 622, 625.

Thus the issue is placed before this Court, whether federal law (42 U.S.C. §1983) providing a cause of action against state officials abusing their power under state law is to control over state decisional law (People v. Lagiss, supra) holding that fraud, bad faith and abuse of discretion by state officials in selecting the amount of land to be taken by eminent domain may not be inquired into by the courts.

Petitioners respectfully submit that the above conflict between state and federal law must be resolved in favor of the primacy of federal law. Federal Supremacy Clause, Article VI, U.S. Constitution. Martin v. Hunter's Lessee (1816) 4 Wheat. 316, 4 L.Ed. 579; Gibbons v. Ogden (1824) 9 Wheat. 1, 6 L.Ed. 23. Claflin v. Houseman (1876) 93 U.S. 130, 23 L.Ed. 833; Mondou v. New York NH and HR Co. (Second Employers Liability Cases) (1912) 223 U.S. 1, 57, 56, L.Ed. 327, 349.

Property owners have stated a cause of action under 42 U.S.C. §1983 and have properly invoked the jurisdiction of the trial court under 28 U.S.C. §1331 and §1343.

The principal issue before the court remains unchanged - is a taking by eminent domain in excess of public use and in violation of the prohibition of the California Constitution a taking of property owner's property without due process of law?

The facts of the case at bar and the legal arguments made by the condemnor also give rise to a corollary issue - where state decisional law, and federal statutory and decisional law governing remedies available to persons whose constitutional rights have been infringed by actions of state officials acting under color of state law are in conflict, does federal law control over state law?

Property owners respectfully submit that both issues are readily resolved. Excess taking by eminent domain is not a taking for public use and thus is a violation of the Fifth Amendment of the U.S. Constitution, made binding on the states by virtue of the 14th Amendment. The conflict between state law and federal law on the subject of abuses by state officials must be resolved in favor of primacy of federal law by virtue of Article VI of the U. S. Constitution.

In addition to the legal issues and arguments brought before the court in the case at bench, property owners respectfully submit that there are present here grave issues of public policy. The case at bench squarely raises the question of whether any legal doctrine can be used as a protective cloak for acts of fraud, bad faith and abuse of discretion on the part of state officials. Such acts are universally viewed by civilized society as unworthy and reprehensible. Is it, therefore, compatible with our concept of ordered liberty that such acts be beyond constitutional review by the courts?

It has been said in some of the cases which try to justify such acts of fraud, bad faith and abuse of discretion on the part of state officials, that such acts by state

officials are of no concern to the citizens whose land is being taken by eminent domain as long as just compensation is paid therefor. Property owners submit that such actions on the part of state officials are of concern to every thoughtful citizen of this or any other state. For such citizen has a right to look to his state government and see honorable men governing justly and wisely within their human limitations, instead of tyrants invested with non-justiciable power to deal fraudulently, in bad faith or in abuse of discretion with the very citizens whose interests the government exists to protect.

II

THE AUTHORITIES ARE UNANIMOUS THAT EXCESS CONDEMNATION IS UNCONSTITUTIONAL

In researching the various areas of the law it is rare indeed to come upon a point on which the authorities are as uniformly in agreement as on the subject of excess condemnation. Such authorities hold that excess condemnation is unconstitutional when the taking exceeds in quantity the property to be actually put to a public use. 68 ALR 837 states the principle as follows:

> "There seems to be no difference of opinion amoung the cases on the question as to the right, in the exercise of the power of eminent domain, to condemn land in excess of needs for public uses. The authorities seem to be uniform that such power cannot be exercised for such purposes. As stated in the original annotation, [1] even the

[1] Referring to 14 ALR 1350.

> legislature cannot authorize the taking of property in excess of that required for the public use, such excess to be sold or devoted to private use."

An earlier annotation, in 14 ALR 1350, states the principle as follows:

> "It is a general principle that the legisture cannot authorize the taking of property in excess of that required for the public use, such excess to be sold or devoted to private use. (citations)"

Both of the above ALR annotations cite a prodigious number of cases, from many states in which attempts at condemning excess land under various theories have been struck down by the state courts. It is precisely such uniformity with which state courts have dealt with excess condemnation in the past that accounts for the paucity of recent decisions on the subject.

Nichols on Eminent Domain, Vol. 2, §7.31[1], p. 673, states the above point as follows:

> "As the courts of the several states have not as a rule attempted to stretch the powers of their respective legislatures in taking property by eminent domain to an unreasonable limit, and as the Supreme Court of the United States has not encouraged appeals to its jurisdiction over such proceedings by showing any tendency to interfere except in the most flagrant cases, suits involving the constitutionality of state

> statutes which rest for their justification upon the customary constitutional provision relating to eminent domain are not very frequently brought before the Supreme Court of the United States."

The practice of excess condemnation has been so uniformly struck down by state courts that the subject has been considered settled for many years. It is noteworthly that ALR, after making excess condemnation the subject of two annotations (14 ALR 1350 and 68 ALR 837) has not found it necessary to devote any further space to this subject in the entire ALR 2d series of annotations.

It has been held from the first impression that taking in excess of a public use is unconstitutional. Opinion of Justices (1910) 204 Mass. 607, 91 NE 405; Salisbury Land & Improvement Co. v. Commonwealth (1913) 215 Mass., 102 NE 619, 622; Curtis v. City of Boston (1924) 247 Mass. 417, 142 NE 95; Pennsylvania Mutual Life Ins. Co. v. Philadelphia, 242 Pa. 47, 88 Alt. 904, 907; Jennings v. State Highway Comm. (1922) 183 NC 68, 110 SE 583, 584; Wilton v. St. John's County (Fla.) (1929) 123 So. 527; Young v. Gurdon (1925) 169 Ark. 399, 275 SW 890, 894.

Also see the New York line of cases In re Albany Street (1834) 11 Wend. (NY) 148; Embury v. Conner (1850) 3 NY 511; Hopper v. Britt (1911) 203 NY 144, 149; Onondaga Water Service Corp. v. Crown Mills, Inc. (1928) 132 Misc. (NY) 848, 855; 230 NY Supp. 691; In re City of Rochester (1929) 237 NY Supp. 147. This line of authorities is still followed in New York. 19 NY Jurisprudence, Eminent Domain, §62, p. 260.

Likewise, Seattle v. Fausett (1923) 212 P. 1085; Kessler v. Indianapolis (1927)(Ind.) 157 NE 547; Richmond v. Carneal (1921) 106 SE 403, 14 ALR 1341; Roanoke v. Berkowitz, 80 VA. 616, 622; Winger v. Aires (1952) 371 Pa. 242, 89 Atl. 2d 521, 522; Burton v. Ward (1951) 218 Ark. 243, 236 SW 2d 65.

Over the years, some courts have allowed very limited excess taking of very small pieces of land. But courts in so holding have made it clear that the excess land must be very small in size, and the excess must be of direct benefit to the public improvement, and thus itself a public use.

The Massachusetts Supreme Court, after holding that such taking of lot remnants "goes to the very verge of constitutionality" said:

> "While it is plain that a city or town cannot take land outside a public work for speculative purposes, we can conceive of a remnant of an estate, a part of which is necessarily taken, which remnant is so small, or of such shape and of so little value that the taking of it in the interest of economy or utility, or in some other public interest, may be fairly incidental and reasonably necessary, in connection with the taking of land for the public work. But this principle is not applicable to a taking for the larger purposes stated in the question before us."

Opinion of Justices (1910) 204 Mass. 616, 91 NE 578, 580.

The courts which have accepted the above view have uniformly limited excess taking to very small remnants adjoining and directly benefitting the public improvement. Philadelphia B. & W. R. Co. v. Baltimore, (1913), 121 MD 504, 88 Atl. 263; Excelsior Needle Co. v. Springfield (1915) 221 Mass. 34, 108 NE 497; Clendaniel v. Conrad (1912) (Del.) 83 Atl. 1036, 1047; Baxter v. City of Louisville (1928) (Ky.) 6 SW 3d 1074; Opinion of the Justices (1953) (Mass.) 113 NE 2d 452, 467-468.

Also see 5 Michigan Law and Practice Encyclopedia, Condemnation, §20, p. 428.

The principle of unconstitutionality of excess taking also finds support among eminent domain writers of note:

> "The taking of private property beyond that which is required for the particular use named in the petition is a violation of constitutional limitations."
>
> Jahr on Eminent Domain, §203, p. 324.
>
> "... we think that the Constitution impliedly forbids the taking for public use of what is not necessary for such use and, therefore, though the constitution and statute are silent on the subject of necessity, that the power to take is, in every case, limited to such and so much property as is necessary for the public use in question, and that the owner is entitled, either in the proceedings to condemn or otherwise, to be heard upon this question."

Lewis on Eminent Domain, Vol. 2, §600, pp. 1060-1061.

Also see 18 Calif. LR 284, 3 Southern Calif. LR 121, 15 Columbia LR, 306 (note 18),[2/] 29 Columbia LR 1151, 10 RCL 41, 4 U. Cin. LR 94, 474.

In the face of such uniform holdings of the authorities that statutes authorizing excess condemnation are unconstitutional, a number of states have adopted state constitutional amendments allowing condemnation of small remnants. In California such amendment is found in Article 1, §14 1/2 of the California Constitution.

The decision of the U. S. Supreme Court in Cincinnati v. Vester 281 U.S. 439, 74 L.Ed. 950, affirming the express holding of the U.S. Court of Appeals, 33 F.2d 242, that excess condemnation is a violation of the due process clause of the 14th Amendment to the U.S. Constitution, settled the question of excess condemnation in a definitive manner. The Vester case was cited with approval by the Supreme Court in 1959 in Allegheny County v. Frank Mashuda Co. 360 U.S. 186, 3 L.Ed. 2d 1163.

It is therefore uniformly accepted law that excess condemnation - except for taking of small remnants - is unconstitutional as a taking of property for a non-public use in

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[2/] It is noteworthy that excess condemnation has also been held unconstitutional in Switzerland which has a federal constitutional government like the United States. Entscheidungen des Schweizerischen Bundes-

2/ cont.
gericht, Vol. 31, (1905) Part 1, p. 645.
Cited in 15 Columbia LR 306, supra.

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violation of the 5th Amendment and as a taking of property without due process of law under the 14th Amendment.

III

NO THEORY OF EXCESS CONDEMNATION IS APPLICABLE TO THE CASE AT BAR

Over the years the proponents of excess condemnation have evolved several theories attempting to justify eminent domain taking beyond a contemplated public improvement. In this connection three theories have been advanced.

The first of these is the so-called "remnant theory," i.e. when the taking is a partial one, leaving behind a small sliver or remnant of a lot which is left in such a size, shape or condition as to be effectively useless to the owner, then the condemnor may take such remnant although the remnant will not be used as part of the public improvement.

The second theory is the "protective theory," i.e. a small amount of land in excess of the public improvement is taken to provide lateral support for a street, or in some other way directly benefit the public improvement.

The third theory is the so-called "recoupment theory" which is a euphemism for the state taking land in excess of the public improvement and then reselling to private persons thereby speculating in land, hoping for a profit.

These three theories have been considered by the authorities and writers at length. Cincinnati v. Vester, supra, 33 F. 2d 242, affirmed 281 US 439, 74 L.Ed. 950; 14 ALR 1350; 18 CLR 284; 3 SCLR 121; 29 Columbia LR 1151; 10 RCL 41; Cushman, Excess Condemnation.

The courts have had ample opportunity to pass on the constitutionality of the three theories suggested above. 3/ Of the three theories only the "remnant theory" and the "protective theory" have won ever a small measure of approval after a judicial scrutiny for constitutionality, on the grounds that the "excess" under the above two theories benefited the public improvement and thus was in itself a public use. In any evert, the excess land taken must be very small in size and of no practical use to the owner.

The third theory, the "recoupment theory," has consistently received short shrift from the authorities. Salisbury Land & Improvement Co. v. Commonwealth (1913) 215 Mass. 371, 102 NE 619; Cincinnati v. Vester, supra, 33 F.2d 242; 14 ALR 1350; 18 CLR 284, 287. Even Robert E. Cushman, a proponent of excess condemnation, states in his book, Excess Condemnation, at p. 310, drawing his final conclusions as to the constitutionality of excess condemnation:

3/ Property owners' diligent search discloses no additional theories seriously propounded as constitutional. It would appear that until the case at bench no condemnor has had the temerity to suggest to the courts that it can take as much land as it pleases without any particular public use for the excess, the excess land to be merely hoarded or sold

3/ cont.

at the condemnor's pleasure.

> "If the only motive for the application of that scheme [excess condemnation] was to secure to the city treasury the profit which might accrue from the resale of the surplus land taken it could probably be argued with much cogency that the financial need of the city did not constitute a purlic purpose of the kind which would justify the condemnation of the land of particular citizens, and that the use of eminent domain for that purpose was a denial of the equal protection of the laws and a deprivation of property without due process of law."

Applying the above theories of excess condemnation to the case at bench it is readily seen that neither of the two theories which have just barely survived the test of constitutionality, i.e. "remnant theory" and "protective theory", is applicable here. Surely, the condemnor hasn't suggested seriously that a parcel of land of some 14,000 square feet, five times as much as the land actually to be used for the condemnor's street, is a mere insignificant remnant of no use to the owner and incapable of utilization by the owner.

Nor can the condemnor argue the "protective theory". Even today the land is naught but a weed-ridden, trash attractive eyesore.

Thus, the conclusion is inexcapable. The condemnor took five times as much land

as it will actually use for its street and its protection for reasons which can charitably be described as an arbitrary exercise of state power. However, in view of the condemnor's communications with the architect and developers and lies to the property owner, it must be concluded that the condemnor's motives were more sinister than mere arbitrariness.

We usually tend to think of government as a positive force. To borrow the expression of Mr. Justice Brandeis,[4]/ government is the omnipresent teacher of our society. But if the government be permitted to engage in such dirty business, then what of the citizens who look to the government to set an example?

Such behavior on the part of the state, the administrator and enforcer of laws, can only lead to contempt for the law and disrespect of the administration of justice. Therefore, property owners respectfully submit that there is more at stake here than the outcome of one case. This court will not only uphold the Constitution by granting property owners the relief sought, but also provide a bulwark against future disregard of constitutional limits by state officials.

4/

In his landmark dissent in Olmstead v. U.S., 277 U.S. 438, 478, 72 L.Ed. 944, 956.

IV

PRESUMPTIONS ARE NOT A MEANS TO ESCAPE CONSTITUTIONAL RESTRICTIONS

The test for whether a constitutional right is violated is found in the facts of the individual case, not the abstract words of the statute. Yick Wo v. Hopkins, 118 US 356, 30 L.Ed. 220.

As applied to property owners at bench, CCP §1241(2) as here applied permits the taking of their property for other than public use. Thus the right to own private property recognized by the 14th Amendment and fundamental to our system of government and economics is violated if condemnor can take all of the subject property under the cloak of a presumption arising from the condemnor blandly resolving they will use some 16,000 square feet when they only intend to use 2700 square feet.

Thus, there is another matter that warrants comment herein. Assuming arguendo that the mere utterance of the words "for reservation purposes" by the condemnor's resolution in contravention of truth, is sufficient to establish a public use, does that mean that the question of necessity is forever foreclosed, no matter what the circumstances? Must the courts stand by and impotently watch a violation of the Constitution under a sham declaration that the use is a public one?

These questions were answered by the United States Supreme Court in Chicago B. & Q. R. Co. v. Chicago (1896) 166 US 226, 41 L.Ed. 979, 984:

> "Can a state make anything due process of law which, by its own legislation it chooses to declare such? To affirm this is to hold that the prohibition to the states is of no avail, or has no application where the invasion of private rights is affected under the forms of state legislation.' [quoting from] Davidson v. New Orleans, 96 US 97, 102. The same question could be propounded, and the same answer should be made, in reference to judicial proceedings inconsistent with the requirement of due process of law."

In his authoritative work on eminent domain, Nichols has this to say about the non-justiciability of necessity (p. 377):

> "There is, however, at least a theoretical limit beyond which the legislature cannot go. The expediency of constructing a particular public improvement and the extent of the public necessity therefore are clearly not judicial questions; but it is obvious that, if property is taken in ostensible behalf of a public improvement which it can never by any possibility serve, it is being taken for a use that is not public, and the owner's constitutional rights call for protection by the courts. So, also, the due process clause protects the individual from spoliation under the guise of legislative enactment, and while it gives the courts no authority to review the acts of the legislature and decide upon the necessity of

particular takings, it would protect an individual who was deprived of his property under the pretense of eminent domain in ostensible behalf of a public enterprise for which it could not be used. While many courts have used sweeping expressions in the decisions in which they have disclaimed the power of supervising the selection of the site of public improvements, it may be safely said that the courts of the various states would feel bound to interfere to prevent an abuse of the discretion delegated to the legislature by an attempted appropriation of land in utter disregard of the possible necessity of its use, or when the alleged purpose was a cloak to some sinister scheme. In other words, the court would interpose in a case in which it did not merely disagree with the judgment of the legislature, but felt that the body had acted with total lack of judgment or in bad faith. In every case, therefore, it is a judicial question whether the taking is of such a nature that it is or may be founded on a public necessity. But while the courts have frequently declared their power to set aside acts of the legislature upon such a ground, cases in which the power has been actually exercised seem rarely to have arisen."

"It being settled that, while necessity is not primarily a judicial question, there may be such absolute lack of necessity as to render the proceeding void, it necessarily

follows that an owner who alleges such lack of necessity is entitled to have the question passed upon by a judicial tribunal. It is, however, generally held that the question of necessity need not be determinable in the condemnation proceedings themselves since the legislative assertion of necessity is primarily conclusive, and that the constitutional rights of the owner, to be protected against a taking without possibility of necessity, are sufficiently guarded by his right to institute proceedings at law or in equity to save his property and have the taking set aside; ..."

Thus, property owners submit all state actions are subject to judicial review so that it may be determined whether such state actions are repugnant to the federal Constitution. Chicago B. & Q. R. Co. v. Chicago, supra, 166 US 226, 234; Scott v. McNeal, 154 US 34, 38; Southern R. Co. v. Virginia (1933) 290 US 190, 78 L.Ed. 250; NAACP v. Alabama (1958) 357 US 449, 2 L.Ed 2d 1488.

Therefore, the act of a city council which passes an ordinance of necessity cannot somehow become an act of a super-state, immune to judicial scrutiny under the due process clause.

Can it be fairly said that a city ordinance of necessity to condemn is clothed with the armor of a conclusive presumption of necessity, where the declaration itself is sham and in patent contradiction to the truth? Property owners submit that the answer is in the negative. As was said by

the Supreme Court, in a different factual context, in New York Times Co. v. Sullivan, 11 L.Ed. 2d 686, 709:

> "The power to create presumptions is not a means of escaping from constitutional restrictions."

V

NEITHER OF THE DOCTRINES OF RES JUDICATA NOR COLLATERAL ESTOPPEL ARE APPLICABLE TO THE CASE AT BENCH

The defense of res judicata and collateral estoppel are not applicable to the case at bench for a number of reasons:

1. There is no final judgment in favor of the demurring defendants nor is there any privity between the demurring defendants and the parties in the former condemnation proceeding;

2. There is no "identity of issues;" and

3. The doctrines may not be invoked to perpetrate or compound a patent miscarriage of justice.

The developer respondents were not parties nor were they in privity with the parties to the former condemnation action. One of the criteria which is absolutely necessary before either the doctrine of res judicata or collateral estoppel may be invoked as an absolute bar is that the parties to the "new" suit must be identical to or in privity with the parties to the former suit.

The rule in California is that in considering the doctrine of res judicata, either as a bar or as a collateral estoppel, there must be an identity of the parties to the action before the defenses may be applicable. In Great Western Furniture Co. v. Porter Corp. (1965) 238 Cal.App.2d 502, 508-509, the Court restated the rule as follows:

> "Whether the doctrine or res judicata is considered in its primary aspect as a merger or bar, or in it secondary aspect as a collateral estoppel (see Panos v. Great Western Packing Co. (1943) 21 Cal.2d 636, 637-638 (134 P.2d 242); Dillard v. McKnight (1949) 34 Cal.2d 209, 214 (209 P.2d 387, 11 A.L.R.2d 835); McDougall v. Palo Alto etc. School Dist. (1963) 212 Cal.App.2d 422, 428 (28 Cal.Rptr. 37); Saunders v. New Capital for Small Business, Inc. (1964) 231 Cal.App.2d 324, 330 (41 Cal.Rptr. 703), the general rule is that there must be an identity of the parties to the actions before the doctrine can become operative. (Code Civ. Proc., §§1908, 1910; Rest., Judgments, §§68, 79; Witkin, Cal. Procedure (1954) p. 1955; see Standard Oil Co. v. J. P. Mills Organization (1935) 3 Cal.2d 128, 139 (43 P.2d 797.) Code of Civil Procedure § 1910 provides: 'The parties are deemed to be the same when those between whom the evidence is offered were on opposite sides in the former case, and a judgment or other determination could in that case have been made between them alone, though other parties were joined with both or either.'

> "In applying the doctrine of res judicata, the law is clear that "Parties to a judgment are not bound by it, in a subsequent controversy between each other, unless they were adversary parties in the original action.' (1 Freeman on Judgments (5th ed. 1952) §422, p. 918; Victor Oil Co. v. Drum (1920) 184 Cal. 226, 239 (193 P. 243); Standard Oil Co. v. J. P. Mills Organization, supra, 3 Cal.2d 128, 139-141; Rest., Judgments, §82; Code Civ. Proc., §1910.)"

N.B. The Porter case, supra, was decided after Bernhard v. Bank of America (1942) 19 Cal.2d 807. Professor Brainerd Currie, after a sometimes penetrating and sometimes convoluted analysis of the Bernhard case suggests that a proper interpretation of Bernhard would deny the use of the defense in the case at bar. See 9 Stanford Law Review 281 at 304;

> "The foregoing discussion supports the proposition that the defendant in the later action should have the plea against a claimant who was also plaintiff in the prior action. This is the narrow holding of the Bernhard case. But more generally, the discussion supports two negative propositions:
>
> (a) One not a party to the prior action should not be allowed to invoke the former judgment against one who was defendant in the prior action, since, not having been in control of the time and place of the action, the party against whom

the plea is asserted may not in fact have had a realistic opportunity to make a full and effective defense.

(b) The language of the indemnity cases indicates that the plaintiff in the later action who was not party to the prior action, should never be allowed to invoke the former judgment offensively against the defendant in the later action."

And at p. 307:

"These cases lead ineluctably to the conclusion that there is no reason, except to avoid anomaly in the indemnitor-indemnitee relationship, to distinguish the case in which the plea is asserted by the defendant from that in which it is asserted by the plaintiff, and that it is only in a jurisdiction, which, like California, has emancipated itself from the mutuality rule that a question becomes important whether the party against whom the plea is asserted had the initiative in the prior action or not." (Footnote omitted.)

2. <u>There is No Identity of Issues</u>.

The gravamen of the Appellants' cause of action is that as a consequence of the fraud practiced by the demurring Respondents that is the perjury and concealment of the true facts, the Appellants were effectively denied their day in Court. The issue in the condemnation action was whether the City of Los Angeles was acquiring the plaintiffs' property for a public use.

The issue in the case at bench is whether the demurring Respondents, by lying about some facts and concealing others, are responsible for any damage which those acts might have proximately caused.

This action, by way of analogy is much like a legal malpractice action where one is entitled to prove that but for the wrongful act of a third party the result would have been different. In such cases, the plaintiff is always the losing party in the former action. In such cases the plaintiff must prove that but for the wrongful act of a third party, not a party to the former action, that the result would have been different.

The case at bench is essentially the same. The Appellants are the "losing party" in the former condemnation action. They allege that but for the intentional wrongs perpetrated by the demurring Respondents, they were in fact precluded from fully exploring the "public use" issue in the former trial and that had they not lied the result would have been different.

Any rule which would allow the doctrine of res judicata to apply in these circumstances would not just shield those who are intentional wrongdoers but provide them with an incentive to be proficient in their criminality.

Whether the issue in a new action is the same as the one previously adjudicated has been the subject of prolific litigation.

Some guidelines have emerged and are restated in Witkins Calif. Proc. 2nd Ed. V.4, p. 3336-3337:

"(1) Where, as is usual, more than one issue was involved, the burden of proof is on the party asserting the defense of collateral estoppel to show that this issue was adjudicated. (See Horton v. Goodenough (1920) 184 C. 451, 460, 194 P. 34; Emerson v. Yosemite Gold Min. etc. Co. (1906) 149 Ca. 50, 57, 85 P. 122; Quinn v. Litten (1957) 148 C.A. 2d 631, 633, 307 P. 2d 90 (no collateral estoppel where issue previously litigated was not identical); Weak v. Weak (1962) 202 C.A. 2d 632, 634, 21 C.R. 9, citing the test (issues not the same); Solari v. Atlas - Universal Service (1963) 215 C.A. 2d 587, 599, 30 C.R. 407; Saunders v. New Capital, etc. (1964) 231 C.A. 324, 330, 333, 41 C.R. 703 citing the text; Carey v. Cusack (1966) 245 C.A. 2d 57, 68, 54 C.R. 244, citing the text; Frazier v. Wasserman (1968) 263 C.A. 2d 120, 125, 69 C.R. 510, infra, §234; Timmsen v. Forest E. Olson (1970) 6 C.A. 3d 860, 870, 86 C.R. 359; Eichler Homes v. Anderson, (1970)9 C.A. 3d 224, 234, 87 C.R. 893; Rest., Judgments §68, Comment 1; 46 AmJur. 2d 763; James, p. 579; infra, 22199 et seq. 209 et seq.) "In Braslow v. Kelley (1957) 151 C.A. 2d Supp. 852, 855, 312 P. 2d 432, an action on a contract allegedly made by an agent, the prior judgment for defendants, rendered without findings, could have been based either on the determination (a) that the agent did not make the contract at all, or (b) that he did but lacked authority to bind the principal. Held, the present suit

against the agent for breach of warranty of authority was not concluded because the first judgment could have been based on the second defense."

The apparent tendency, as revealed by the above cases, is to find that the issues which are being compared for identity are not the same where there is any reasonable dissimilarity.

3. The Doctrine Will Not Be Applied Where Its Invocation Would Result In Injustice.

See Restatement of Judgments §70.

This portion of the rule with respect to the appropriate application of the doctrine of res judicata is of prime significance in the case at bar.

The allegations of the Complaint, which must be deemed true for purposes of this demurrer, essentially charge the demurring Respondents with the commission of perjury for their own profit.

Cochran v. Union Lumber Co. (1972) 26 Cal.App/ 3d 423 is analogous to the case at bench because it has the "third party" situation. In Cochran there was no question but that the issue was identical to one previously litigated.

However, the Court said that the prior litigation, although final, was clearly erroneous, and to apply the rule of collateral estoppel would result in a patent injustice. The court said at p. 42:

"A discussion of these questions, although obviously germane to the facts of this case, is not necessary; for such would be merely supportive and ancillary to our conclusion that the issue of collateral estoppel in the case at bench is governed by the overriding policy of law which prohibits application of the doctrine whenever injustice would result. (Emphasis added.)

"This important qualification of the doctrine is set forth in section 70 of the Restatement of Judgment which reads as follows: 'Where a question of law essential to the judgment is actually litigated and determined by a valid and final personal judgment, the determination is not conclusive between the parties in a subsequent action on a different cause of action, except where both causes of action arose out of the same subject matter or transaction; and in any event it is not conclusive if injustice would result.' (pp. 318-319; italics added.)

"Comments to this section explains that the determination of a question of law by a judgment in an action is not conclusive between the parties in a subsequent action on a different cause of action, even though both causes of action arose out of the same subject matter or transaction, if it would be unjust to one of the parties to apply one rule of law in subsequent actions between the same parties and to apply a different rule of law between other persons.

The conclusion and reasoning of the Restatement find support in United States v. Stone & Downer Co. (1927) 274 U.S. 225, 235-237 (71 L.Ed. 1013, 1026-1028, 47 S.Ct. 616) and are cited with approval in a number of California cases (see Louis Stores Inc. v. Department of Alcoholic Beverage Control (1962) 57 Cal.2d 749, 757 (22 Cal.Rptr. 14, 371 P.2d 758); United States Fire Ins. Co. v. Johansen (1969) 270 Cal.App.2d 824, 834-835 (76 Cal.Rptr. 174, 780); Pacific Maritime Assn. v. California Unemp. Ins. Appeals Board (1965) 236 Cal.App.2d 325, 333-334 (45 Cal.Rptr. 892); Thain v. City of Palo Alto (1962) 207 Cal.App.2d 173, 185 (24 Cal.Rptr. 515).

"Applying the above principles to the instant case, we initially point out that the lower court's decision in Urban v. Union Lumber Co., supra, was clearly erroneous. The decision in Urban resulted from the missapplication of Gibbs v. Peterson (1912) 163 Cal. 758 (127 P. 62) Gibbs dealt with a conveyance of timber which was expressly to be removed within 10 years. The court in Gibbs held that since the instrument provided for removal of the timber within 10 years, the payment of the yearly rental of $200 did not give plaintiff an absolute right to perpetually maintain such timber on the land (p. 766). Therefore, it is apparent that the application of Gibbs to Urban, where the deed itself accorded a right of perpetual removal to defendant, was an error.

"In view of the facts and principles set forth above, it is indisputable that the instant case is based upon a different cause of action, and that repeated application of the previous wrong decision would result in manifest injustice. This would necessarily follow because the conclusiveness of the Urban decision would be limited to merely cases where Union is a party, but would have no applicablity at all where a similar or even identical question would be litigated between other lumber companies and third persons, in which event Union would obviously suffer a competitive disadvantage with respect to other companies in the industry who would remain to litigate the issue; and, in the light of our holding reached in the case at bench, they would be entitled to a favorable decision. (In support of the principle here expressed, see also: United States v. Stone & Downer Co.; Louis Stores, Inc. v. Department of Alcoholic Beverage Control; Thain v. City of Palo Alto; Pacific Maritime Assn. v. California Unemp. Ins. Appeals Board, all supra.) We conclude, therefore, that the trial court was not collaterally estopped to decide the issue of time for removal of timber in the present case."

The applicability of doctrine of collateral estoppel was expressly rejected in Timmsen v. Forest E. Olson, Inc. (1970) 6 Cal.App.3d 860.

In Timmsen plaintiff sued a real estate

broker, alleging, inter alia, that his behavior in propelling the plaintiff into a contract for the sale of real estate was less than candid and adverse to his interests. The plaintiff had previously been the losing defendant in a prior action brought by the purchaser for specific performance of the contract. The court said:

> "The issues determined by Burrow v. Timmsen were that as between the sellers (plaintiffs herein) and the purchaser (Burrow), the contract was certain, just and reasonable, the consideration was adequate, the assent of the parties was not obtained by misrepresentation, concealment, circumvention or unfair practices, the assent of the parties was not given under the influence of mistake, misapprehension or surprise; that there was no adequate remedy at law, and that the contract was capable of specific enforcement. (Civ. Code, §§3390, 3391; 4 Witkin, Summary of Cal. Law (1960) Equity, §17 et. seq.) As already noted, the brokers, (defendants herein) were not parties to that lawsuit.
>
> "The issues and parties in the instant case are different from those in Burrow v. Timmsen. Here, there is no attack made on the validity and enforceability of the sales agreement; those were the issues determined by Burrow v. Timmsen. The issues presented by this action are whether the agents were guilty of withholding from their principals material facts, whether the agents assumed a position adverse to their

principals suffered any damages as a proximate result thereof. Since the issues are not identical the doctrine of collateral estoppel is not applicable. (Teitelbaum, supra, 58 Cal.2d 601, 604.)

"Notwithstanding this conclusion we note that even if the requirements for the application of the doctrine of collateral estoppel are present, 'in cases where a grave injustice would otherwise result, there has been a tendency to depart from the general rule.' (United States Fire Ins. Co. v. Johansen, 270 Cal.App. 2d 824, 834 (76 Cal.Rptr. 174, 780) (hg. den.); see also Rest., Judgments §70.) To apply the doctrine of collateral estoppel in the instant case, even if all requirements were present, would countenance an injustice." (Emphasis added.)

The most recent expression of California law on the subject is found in Pentz v. Kuppinger (1973) 31 Cal.App.3d 590. That was an action to recover assertedly excessive amounts collected by a defendant under a Mexican judgment which was in turn based upon an earlier judgment in a California court.

The defendant obtained a Writ of Execution from the Los Angeles court. She started an action against the plaintiff in Mexico to enforce payments due her under the writ.

In the Mexican action she demanded amounts in excess of the California Writ. The Plaintiff in the Pentz case appeared in the Mexican proceedings, attacked the juris-

diction of the court, and denied the allegations set forth in the complaint.

From a Mexican court judgment in favor of the defendant the plaintiff appealed, which judgment was affirmed. The defendant then executed on the Mexican judgment. The plaintiff then sued the defendant claiming unjust enrichment. The complaint alleged, inter alia, that the defendant failed to disclose to the Mexican court that she had received payments on account of the Writ and failed to credit such payments on the amounts due.

The court found that the plaintiff was denied the opportunity to acquaint the Mexican court of the already received payments and that the concealment of such facts constituted extrinsic fraud. Pentz is a "non-fiduciary" case. The Pentz decision relied upon a 1933 California Supreme Court case entitled Caldwell v. Taylor (1933) 218 Cal. 1271. In the Caldwell case the court laid down two very significant rules:

1. "A proceeding for equitable relief is not a collateral attack and since its sole aim and purpose is to avoid the effect of such judgment, the doctrine of res judicata can have no application to said judgment."

   Caldwell at p. 475.

2. "The main requirement to establish extrinsic fraud is that the unsuccessful party was prevented by his adversary from presenting all of his case to the court.

> One of the examples given is that of a party who is prevented from appearing in court. It would seem that the deceit practiced in the instant case was just as effective to prevent the proper presentation of a contest as if the plaintiff had been prevented from being present at the hearing."
>
> (Emphasis by the court.)

If the demurring Respondents are permitted to assert the doctrine of collateral estoppel under the circumstances in this case, not only will they have profited once from their chicanery, but the court deals them an additional ace for being successful perjurers.

Such an anamolous result should not be permitted where there are overriding policies of law in which the public has a vital interest.

In any event, the question of whether collateral estoppel is a complete defense should not be decided as a matter of law on a demurrer. As in Ford Motor Co. v. Superior Court (1971) 16 Cal.App.3d 442, 448-449:

> "In this case, a trial court should determine, after a full evidentiary hearing, whether the requirements for the doctrine of collateral estoppel are present, and if so, whether the application of the doctrine of collateral estoppel, even if all the requirements are present, would countenance an injustice."

VI

THE INFIDELITY OF THE GOVERNMENT IN THE CONDEMNATION CASE DEPRIVED THE APPELLANTS OF DUE PROCESS OF LAW, WHICH DEPRIVATION CAN BE RECTIFIED BY A COLLATERAL ATTACK.

The Appellants have alleged that there was active suppression of evidence that would have been beneficial to them in the condemnation case.

It was further alleged that had such information become known to the Court and to these Appellants, that the deception would not have succeeded.

For the purposes of this case, those allegations must be accepted as stating the truth.

Where there is a relationship between the government and its citizens where circumstances require full disclosure, failure to make full disclosure to the prejudice of the citizen's results in a denial of due process of law. It should be noted at the outset that the law of eminent domain as it is applied to a condemnee's rights is always subject to the scrutiny of compliance with the Fifth and Fourteenth Amendments of the Constitution of the United States.

Thus, where a state law falls short of affording the minimum protections required by the Fifth and Fourteenth Amendments of the Constitution of the United States, actions taken pursuant to such state law are unconstitutional. See Mooney v. Holohan (1935) 294 U.S. 103, 79 L.Ed. 791, and People Ex Rel Department of Public Works v. Lynbar, Inc. (1967) 253 Cal. App.2d 870, at 880,

where the Court said:

> "Just compensation under the Fifth Amendment to the United States Constitution, so far as taking damages are concerned, means the full and perfect equivalent in money of the property taken. The owner is to be put in as good a position pecuniarily as he would have occupied if his property had not been taken from him. (United States v. Miller, 317 U.S. 369, 373 [87 L.Ed. 2d 336, 342 63 S.Ct. 276, 147 ALR 55]1.) We believe that the due process clause of the Fourteenth Amendment to the United States Constitution requires this as well."

Thus, obtaining a judgment based upon testimony known to the Government to be perjured is a denial of due process. Most of the cases dealing with that subject arise by way of a collateral attack on a final criminal conviction. However, there is no legitimate distinction between criminal conviction obtained by a denial of due process and a judgment in condemnation obtained by the same means. If indeed a distinction need be made, the condemnee who stands accused of no wrongdoing in a condemnation case should be afforded, at the very least, the same protections as do those persons where there is presumably probable cause to believe they may have committed a crime.

The rule which has emerged may be stated as follows: The due process of law which is protected from State and Federal infringement by the Fourteenth and Fifth Amendments is denied by a judgment following a trial in which perjured testimony on a

material point is knowingly used and where it appears that the person against whom the judgment has been taken suffered prejudice by reason of the use of such testimony.

In Mooney v. Holohan (1953) 294 U.S. 103, 79 L.Ed. 791, the United States Supreme Court declared that the requirements of due process of law are not met by notice and hearing on an issue if the government has contrived a judgment by a pretense of a trial, which is in truth used as a means of depriving a defendant of liberty by deliberate deception of the court and jury by the presentation of testimony known to be perjured.

One needs only to substitute the word "property" for the word "liberty" and it becomes evident that the Mooney case in and of itself is dispositive of the demurrer that was before the Court. Mooney came up by way of a Writ of Habeas Corpus after the judgment in the California Court became final.

Further, in Alcorta v. Texas (1957) 355 U.S. 28, 2 L.Ed. 2d 9, the petitioner, on a Writ of Habeas Corpus, was convicted of the murder of his wife. The jury rejected his contention that the homicide came within the scope of certain Texas statutes which treat a killing under sudden passion as murder without malice. During the course of the trial, the petitioner's claim was that the killing occurred in a fit of passion when he discovered his wife under compromising circumstances. At the trial, the party with whom the petitioner said she had been with denied that he had known the petitioner's wife any more than casually.

Sometime later, and after the petitioner's conviction, the reputed wife's lover declared that he had given false testimony at the trial. He also said that he had informed the prosecutor before the trial, who had advised him not to volunteer any such information.

The United States Supreme Court set aside the judgment of the Texas Courts even though such state courts' judgments were final.

In another case along the same lines, Hysler v. Florida (1942) 315 U.S. 411, 86 L.Ed. 932, Justice Frankfurter said that where a government obtains a judgment through the use of perjured testimony, "It violates civilized standards for the trial of guilt or innocence," and thereby deprives an accused of liberty without due process of law.

In addition to the cases heretofore cited to the Court with respect to the duties of the government's attorney there can be added the following California cases:

In People v. Stuart (1969) 272 Cal. App. 2d 653, at 655-656 was a prosecution for receipt of stolen goods. In order to prove specific intent the prosecution sought to justify an inference of such intent by evidence of flight from the arresting officer.

Both the defense counsel and the prosecution knew that the flight from the arresting officer was by reason of a suspected assault. On appeal the court held:

"Examination of the whole record compels our conclusion that distortion was deliberate. The fact that defense counsel knew that evidence was being withheld and did not object does not change the action demanded of us in the interest of justice. Even our assumption of the additional possibility that defense counsel may have withheld objection for tactical purposes could not affect the ultimate result. The reason: a criminal action was presented to a trier of fact upon partial evidence which, by reason of the false inferences created, became firm evidence. A case so tried is an unfair trial which denys the accused due process. We cannot accept the postulation that a trier of fact might have deemed the true evidence more inculpatory than the false. A trial upon false evidence is no trial at all."

In People v. Kiihoa (1960) Cal.2d 748. the court had before it the following facts: a suspected felon was arrested, detained for more than two days, and subsequently released. He was released because prosecution could have required the disclosure of an informant's identity. Thereafter the informant left the jurisdiction. The defendant was rearrested and convicted. The District Attorney asserted that he had no duty to produce the informant. In discussing the duties of the government attorney, the court quoted from People v. Sheffield at 108 Cal. App.2d, 721, 732, as follows:

"It is the duty of the District Attorney not to obtain convictions,

but to fully and thoroughly present to the court the evidence material to the charge upon which the defendant stands on trial and it is the solemn duty of the trial judge to see that the facts material to the charge are fairly presented and the Constitutional guarantees of the defendant are neither violated nor infringed."

In a case where a defendant stands accused of nothing more than being a property owner in the path of so-called public improvement the quotation above becomes much more poignant.

In Brady v. State of Maryland (1963) 373 U.S. 85; 83 Supreme Court 1194, the court extended the Mooney v. Holohan Rule and said:

"We now hold that the suppression by the prosecution of evidence favorable to an accused upon request violates due process where the evidence is material either to guilt or to punishment, irrespective of the good faith or bad faith of the prosecution."

It would be well here to reiterate the specific language of the United States Supreme Court in the Mooney case:

"It is a requirement that cannot be deemed to be satisfied by mere notice and hearing if a state has contrived a conviction through the pretense of a trial which in truth is but used as a means of depriving a defendant of liberty through a

> deliberate deception of court and jury by the presentation of testimony known to be perjured. Such a contrivance by a state to procure the conviction and imprisonment of a defendant is as inconsistent with the rudimentary demands of justice as is the obtaining of a like result by intimidation."

Whether the offical is a government attorney, or a policeman, or some other elected or appointed official having undertaken all of the obligations of a public trust by reason of public office, the result of a breach of that trust in an unfair trial deprives the beneficiaries of that trust of the due process of law to which they are entitled under the Fifth Amendment of the Constitution of the United States. In a criminal case the appropriate vehicle to correct such a denial of due process is a Writ of Habeas Corpus.

In a civil case the appropriate vehicle to correct such a denial of due process is an attack such as the Appellants have mounted by their Complaint in this action.

Similarly, in California it has been held that the concealment of evidence in a civil case vitiates a judgment which might otherwise have a collateral estoppel effect.

Pentz v. Kuppinger (1973) 31 Cal.App. 3d was such an action.

It should be noted that the Pentz case is a "non-fiduciary" case and the ruling where there is a fiduciary relationship is

much more liberal than in the non-fiduciary cases.

The Court hardly needs reminding that the conduct of a governmental agency toward its citizens, particularly in a condemnation case, is that of a fiduciary. The often misused phrase "public office is a sacred trust" is not an empty shibboleth.

Pentz relied upon, inter alia, the case of Stenderup v. Broadway State Bank (1933) 219 Cal. 593. In that case, the situation is extraordinarily similar to the case at bench in that in the Stenderup case a prior action for an accounting was instituted and a final judgment therein rendered. After the judgment became final, the plaintiff learned that certain notes, which had been turned over to him as uncollected, had in fact been wholly paid.

It was alleged that the testimony given by the officers of the bank in the accounting action was false and fraudulent and that it did those things for the fraudulent purpose of deceiving the Court and the plaintiff in the accounting suit.

The Court said:

> "If this conduct was, as alleged, for the fraudulent purpose of preventing information as to the status of these notes from reaching plaintiff, and to deceive them and the Court, it was conduct extrinsic and collateral to the issue made by the pleadings and authorized relief in equity under the rule relating to extraneous fraud, recently discussed, and perhaps extended, by this Court

in the case of Caldwell v. Taylor (citation)." Stenderup at 596-597.

In Ford Motor Company v. Superior Court (1971) 16 Cal.App. 3d 442, 448-449, the Court held that:

> "In this case, a trial court should determine, after a full evidentiary hearing, whether the requirements for the doctrine of collateral estoppel are present, and if so, whether the application of the doctrine of collateral estoppel even if all the requirements are present, would countenance an injustice."

It is hard to imagine a much clearer direction to trial courts when confronted with the question of whether or not the requirements for the doctrine of collateral estoppel are present, and even if they are, whether the facts would prevent the application of that doctrine. That direction leads incluctably to the conclusion that this matter of collateral estoppel should not be decided by a hearing on a demurrer.

VII

THE "PUBLIC USE - PUBLIC NECESSITY" CONUNDRUM

The parties agree that it is important to distinguish between the concepts of "public use" and "public necessity" and that they have frequently been the source of confusion. To go on to say, as the respondents suggested below, that recent opinions have clarified the distinction is surely too much freight for so slight a

vehicle as People v. Chevalier (1959) 52 Cal.2d 299.

Since the Chevalier case, there has been litigation resulting in direct challenges to the issue of public necessity by reason of environmental incompatibility. See McIntire, "Necessity" in Condemnation Case -- Who Speaks for the People? 22 Hastings Law Journal 561 (1971).

In People Ex Rel Department of Public Works v. Superior Court (1968) 68 Cal.2d 206 the government needed slightly more than a half acre for the use which it contemplated, and sought to take 54.03 acres which it did not need, could not use and whose avowed purpose was to speculate on re-sale to a private purchaser.

During the course of working its ultimate injustice upon the property owner, the Court illustrates that the twin concepts of public use and public necessity are so interrelated that distinctions between them become more semantic than real. For instances, in that excess condemnation case, the Court said, at p. 216:

> "When, as in this case, the property is not needed for the physical construction of the public improvement, the question of public use turns on a determination of whether the taking is justified to avoid excessive severance or consequential damages. Accordingly, if the court determines that the excess condemnation is not so justified, it might find that it is not for public use."

and all that means is that if the Court finds that such excess condemnation is not justified under an allowable theory, then the question of whether or not there has been a public necessity is irrelevant. The legislative determination of public necessity is a hollow declaration where there is no public use.

The characterization of the result was accurately put by Mr. Justice Mosk at page 216 as follows:

> "Whenever an illustration of the voracious appetite of acquisitive government is desired, the action of the public agency here will serve well as Exhibit A."

Moreover, to suggest that collateral estoppel applies to an issue which is expressly made nonjusticiable in a condemnation case is to defy logic.

If indeed the issue that was tried in the condemnation case was the issue of public use, then the question which this Court must answer is not whether that issue was tried and is therefore res judicata, but whether the Complaint alleges that the plaintiffs were prevented, by the fraud of the defendant, from fully trying that issue. That requires an evidentiary hearing as directed by the Ford case, supra.

CONCLUSION

The Petitioners respectfully request that this Honorable Court grant the requested Writ of Certiorari for the reasons discussed herein.

Respectfully submitted,

HAROLD I. GLASER &
IRWIN M. FRIEDMAN

BY: Harold I. Glaser

Attorneys for the
Petitioners

APPENDIX A.

MEMORANDUM

United States Court of Appeals for the Ninth Circuit.

J. B. Rose, etal, Plaintiffs-Appellants vs. Thomas Bradley, etal, Defendants-Appellees. No. 75-3004 before Trask and Wallace, Circuit Judges and Hoffman, District Judge.

Filed: August 7, 1979.

Appellants, J. B. Rose, Florence Rose and Brownie-Rose Candies, Inc. filed suit in federal district court under 42 U.S.C. §1983 alleging that the City of Los Angeles (City) its mayor Thomas Bradley, and various city officials and private individuals violated appellants' civil rights as well as the rights of others similarly situated. Appellants argue that the City engaged in fraud and a conspiracy to obtain land improperly from appellants and certain other owners of property in downtown Los Angeles through the use of the City's eminent domain power. According to appellants, the City took the land for private and not for public use and appellees, in carrying out this alleged scheme, made various fraudulent statements during the state condemnation proceeding. Appellants' pendent claim alleges that the City misspent gasoline tax funds to purchase the land.

The district court dismissed the claim against Mayor Thomas Bradley and issued a summary judgment in favor of the other

appellees. In so ruling, the court took note of appellants' two previous unsuccessful attempts to litigate the same claims in California state courts. See Rose v. City of Los Angeles, No. 46596 (Cal.App. 2d App. Dist. 1976)(unpublished opinion), cert. denied, 431 U.S. 903 (1977). The district court thus held that appellants' federal suit was barred by the principles of res judicata and collateral estoppel. We agree with the district court and affirm its ruling.

We have previously applied res judicata principles to preclude parties from relitigating claims in federal district court under 42 U.S.C. §1983 after they have received an adverse determination on the merits of such claims in state courts, See Williams v. State of Washington, 554 F.2d 369, 371 (9th Cir. 1977); Scoggin v. Schrunk, 522 F.2d 436, 437 (9th Cir. 1975), cert. denied, 423 U.S. 1066 (1976); Francisco Enterprises, Inc. v. Kirby, 482 F.2d 481, 485 (9th Cir.1973), cert. denied, 415 U.S. 916 (1974); Johnson v. Department of Water and Power, 450 F.2d 294, 295 (9th Cir. 1971) cert. denied, 405 U.S. 1072 (1972); see also Chasteen v. Trans World Airlines, 520 F.2d 714, 715 (8th Cir. 1975); Spence v. Latting, 512, F.2d 93, 98 (10th Cir. 1974), cert. denied, 423 U.S. 896 (1975). Appellants' claim that the land was not taken for public use was determined against them in a state condemnation hearing. Appellants' subsequent assertion that the condemnation hearing itself was tainted by fraud was dismissed by a state court of competent jurisdiction and the dismissal was upheld on appeal. In such circumstances, both the law of res judicata, see Parklane Hosiery Co. v. Shore, 99 S.Ct. 645, 649 (1979);

Hooker v. Klein, 573 F.2d 1360, 1367 (9th Cir. 1978) and the law of collateral estoppel, see Parkland Hosiery Co. v. Shore, supra; Green v. Ancora-Citronelle Corp., 577 F.2d 1380, 1383-84 (9th Cir. 1978), prevent appellants from mounting another attack on the condemnation through the use of 42 U.S.C. §1983. As this court stated in Johnson v. Department of Water and Power, supra, in dealing with a similar attempt to use §1983 to circumvent an adverse state court judgment:

> "Appellant had every opportunity to present his side of the case in the state courts (footnote omitted). He cannot now reinstitute the same cause, against the same defendants, based on the same facts, by merely changing his legal theory and crossing from the state to the federal courthouse." (Citations omitted). 450 F.2d at 295.

In light of the adverse adjudication of appellants' federal claims, it was proper for the district court to dismiss appellants' pendent claim alleging improper expenditure of state gasoline tax funds. See United Mine Workers v. Gibbs, 383 U.S. 715, 726 (1966).

Our disposition of this appeal by reason of the principles of res judicata and collateral estoppel means that we need not reach the district court's alternative grounds for deciding the case. Johnson v. Department of Water and Power, supra, 450 F.2d at 295.

Judgment AFFIRMED.

FILED
NOV 8 1979
MICHAEL RODAK, JR., CLERK

IN THE
SUPREME COURT OF THE UNITED STATES
October Term 1979
No. 79-396

J B. ROSE, FLORENCE ROSE and BROWNIE-ROSE CANDIES, INC. on behalf of themselves individually and as taxpayers of the City of Los Angeles and the State of California, and on behalf of all other taxpayers of the City of Los Angeles and State of California,

Petitioners,

THOMAS BRADLEY, in his capacity as the MAYOR OF THE CITY OF LOS ANGELES, C. ERWIN PIPER, individually and as CITY ADMINISTRATIVE OFFICER OF THE CITY OF LOS ANGELES, SAMUEL YORTY, CHARLES LUCKMAN AND ASSOCIATES, a corporation, CHARLES LUCKMAN, SAM BURNETT, ROBERT McRAE, THE CITY OF LOS ANGELES, a municipal corporation,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE NINTH CIRCUIT

MEMORANDUM OPPOSING CERTIORARI

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Respondents represent to the Court as follows:

1. The United States Court of Appeals for the Ninth Circuit filed its opinion in the above-entitled cause on August 7, 1979,

in an unpublished memorandum which is attached to the Petition for Writ of Certiorari as Appendix A.

2. This Court has previously denied certiorari on the merits to the same parties in the same transaction. See Rose v. City of Los Angeles, No. 46596 (Cal.App.2d App. Dist. 1976) (unpublished opinion), cert. denied, 431 U.S. 903 (1977).

3. In view of the fact that the case clearly does not warrant review by this Court, as shown by the opinion below, Respondents waive the right to file any further response in opposition to the Petition.

THEREFORE, the Petition for a Writ of Certiorari is without merit and should be denied.

DATED: November 6, 1979.

Respectfully submitted

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FILED
NOV 29 1979
CLERK

IN THE

Supreme Court of the United States

October Term, 1979
No. 79-396

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Petitioners,

vs.

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Respondents.

Brief of Respondents Charles Luckman Associates, Charles Luckman and Samuel M. Burnett in Opposition to Petition for Writ of Certiorari.

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IN THE

Supreme Court of the United States

October Term, 1979
No. 79-396

J. B. ROSE, FLORENCE ROSE and BROWNIE-ROSE CANDIES, INC., on behalf of themselves individually and as taxpayers of the City of Los Angeles and the State of California, and on behalf of all other taxpayers of the City of Los Angeles and State of California,

Petitioners,

vs.

THOMAS BRADLEY, in his capacity as the MAYOR OF THE CITY OF LOS ANGELES, C. ERWIN PIPER, individually and as CITY ADMINISTRATIVE OFFICER OF THE CITY OF LOS ANGELES, SAMUEL YORTY, CHARLES LUCKMAN AND ASSOCIATES, a corporation, CHARLES LUCKMAN, SAM BURNETT, ROBERT McRAE, THE CITY OF LOS ANGELES, a municipal corporation,

Respondents.

Brief of Respondents Charles Luckman Associates, Charles Luckman and Samuel M. Burnett in Opposition to Petition for Writ of Certiorari.

Jurisdiction.

The judgment of the United States Court of Appeals for the Ninth Circuit was entered on August 7, 1979, affirming the dismissal of petitioners' Complaint in the United States District Court. Jurisdiction of this Court should properly be invoked under 28 U.S.C. § 1254(1).

Questions Presented for Review.

1. Whether the condemnation of property pursuant to a state court eminent domain proceeding, in which the property owners received notice and an opportunity to be heard on all issues relating to public use and just compensation, constitutes a taking of property without due process of law where alleged perjury and concealment of evidence concerning the intended use of the property occurred at the plenary trial of the condemnation action.

2. Whether a private corporation and private citizens, who are alleged to have conspired with city officials in a fraudulent condemnation of property, were acting under color of state law within the meaning of the Civil Rights Act, 42 U.S.C. § 1983.

3. Whether a final judgment of condemnation entered in a state court eminent domain proceeding, in which property owners appeared and vigorously contested the taking, precludes relitigation of the public use and due process issues which were raised, or could have been raised, in that action, by reason of the doctrines of collateral estoppel and *res judicata*.

4. Whether a state court judgment, holding that a prior state court judgment of condemnation is not subject to collateral attack on the grounds of extrinsic fraud, precludes relitigation of the question of whether the condemnation judgment is subject to collateral attack on the grounds of extrinsic fraud, by reason of the doctrines of collateral estoppel and *res judicata*.

Statement of the Case.

Petitioners are attempting, in this action, to litigate for the third time the identical issues which have been decided adversely to them in two previous actions.

Their Complaint essentially seeks to recover damages for the alleged wrongful condemnation of their property. Petitioners contended in the condemnation action, as they did in the court below in this action, that the City of Los Angeles did not intend to use the land for a public use. Petitioners alleged that the City actually intended to sell the land for profit to private developers for use as a hotel and office building. Respondents successfully moved to dismiss the Complaint on the grounds that it failed to state a claim upon which relief could be granted. Respondents asserted, among other things, that the present action was barred by the doctrines of collateral estoppel and *res judicata*. In order to understand the basis of the trial court's action and the issues presented by this appeal, it is necessary to examine in some detail the history of the repetitive litigation between the parties.

A. Condemnation Action.

The first action involving the parties hereto was the suit entitled *City of Los Angeles v. Dora Albert, et al.*, Los Angeles Superior Court No. 932216, referred to in paragraphs 16 and 17 of petitioners' Complaint [C.T. pp. 3-4]. This was a condemnation action brought by the City of Los Angeles to condemn certain parcels of land for use in connection with the Los Angeles Convention Center. Among the defendants were J. B. Rose, Florence Rose and Brownie-Rose Candies, Inc., plaintiffs and petitioners herein, who owned the property referred to as Parcels 115R and 116R in the Complaint in Condemnation.

The pleadings from the condemnation action establish that the issues of whether Parcels 115R and 116R were intended for public use and whether the properties were necessary for such public use were fully raised and litigated by the parties.

In its Complaint in Condemnation [See Ex. A to Affidavit of Richard T. Davis, Jr., included in C.T. (hereinafter "Affidavit")], the City of Los Angeles alleged in paragraph X(c) on page 6, commencing on line 13, as follows:

> "That said Council in said Ordinance, in part, found and determined that the public interest, convenience and necessity required:
>
> * * *
>
> "(c) The acquisition in fee simple of certain real properties which are hereinafter designated and described as Parcels Nos. 112R, 113R, 114R, 115R, 116R, 117R, 118R and 119R . . ."

Defendants Brownie-Rose Candies, Inc., Florence F. Rose and J. B. Rose (petitioners herein) filed an Answer [Ex. B to Affidavit], in which they denied that the taking was for a public use or that the taking was necessary to a public use. Petitioners further raised the public use and public necessity issues in the affirmative defenses included in their answer.

Subsequently, as part of the Pre-Trial Conference Order [Ex. C to Affidavit], the parties filed a Joint Pre-Trial Statement in which the parties agreed that the public use question was an issue to be decided in the case. The public use issues were defined on page 5, commencing at line 14 [Ex. C to Affidavit], of the Joint Pre-Trial Statement as follows:

> "(1) ISSUES. (Agreed)
>
> "(1) The just compensation due the defendants herein for the taking of Parcels Nos. 115AA, 115R, 116AA and 116R.
>
> * * *
>
> "(3) Whether the use to which the property sought to be taken is to be applied is a use authorized by law.

> "(4) Whether the taking of said property is necessary to a use authorized by law.
>
> "(5) Whether the taking of said property will be the most compatible with the greatest public good and least private injury."

The respective parties then filed Memoranda of Points and Authorities [Exs. D and E to Affidavit], in which they fully briefed the Court on the public use issue. The position of the petitioners with respect to the public use question was in part stated in their Memorandum at page 6, beginning at line 22 [Ex. D to Affidavit], as follows:

> "The Defendants herein are averring that the property to be taken under parcels 115R and 116R are being taken for a private use and not public use as required by constitutional enactments and case law decisions heretofore cited. *The Defendants believe through the introduction of both testimony and demonstrative evidence at the hearing scheduled for April 18, 1969 will conclusively show that the properties taken (Parcels 115R and 116R) other than parcels 115AA and 116AA for use of street widening and street opening will be and is now contemplated for resale to private developers for uses which are not public in character.*" (Emphasis added).

In their Memorandum, Petitioners also raised the issue of taking of property without due process of law. The Roses first argued that the proposed use of their property for reservation and subsequent reconveyance to private interests was not a public use and constituted a taking in violation of the Fourteenth Amendment. In their Memorandum, the argument was stated at page 8 [Ex. D to Affidavit] as follows:

"The Defendants feel that Article I, Section 14½ of the Constitution of the State of California which purportedly gives the plaintiff the right to reconvey such property condemned under reservations is in direct conflict with Article I, Section 14 of the California State Constitution and is clearly violative of the 14th Amendment of the Constitution of the United States which protects the Defendants under the due process guarantees binding the various states comprising the United States of America."

In addition, the Roses also argued that the issuance of an order for immediate possession without a hearing also violated the fundamental requirements of due process.

Thereafter, on April 18 and 19, 1969, a full trial on the public use issue was held in Department 70a before the Honorable Richard Barry, Judge Pro Tempore of the Los Angeles Superior Court. The Minute Order [Ex. F to Affidavit] from the trial demonstrates that Samuel M. Burnett, Project Architect for Charles Luckman Associates and one of the respondents herein, testified at the trial. After the trial, the Court expressly found that the taking was for a public use authorized by law. The Minute Order recited the Court's finding as follows:

"The Court determines as follows:

"The use for which Plaintiff seeks to take the subject property is a use authorized by law and specifically by ordinance #136298 which was duly and regularly adopted by the counsel [*sic*]

of the City of Los Angeles in manner set forth on Page 6 beginning at Line 19 of the joint pretrial statement of the parties, and although that portion of the joint Pretrial statement was not admitted by defendants Rose and Brownie-Rose Candies, Inc., the Court concluded that it is a correct statement and is no longer an issue in this case."

Subsequently, a separate trial was held on the question of valuation, resulting in a Judgment of Condemnation after Trial [Ex. G to Affidavit]. That Judgment expressly refers to and incorporates the earlier finding of the Court on the public use issue. The Roses later entered into a Stipulation [Ex. H to Affidavit] in which they waived their rights to appeal the Judgment of Condemnation. The Judgment became final on February 25, 1970.

B. Petition for Removal.

After the Complaint in Condemnation was filed, the City of Los Angeles obtained an order of immediate possession pursuant to California Code of Civil Procedure, Section 1243.5. Defendants J. B. Rose and Florence Rose (petitioners herein) then filed a Petition for Removal in the federal court, Civil Action No. 68-1893-AAH in the United States District Court, Central District of California.

In their Petition for Removal, the Roses alleged federal jurisdiction on the grounds that their constitutionally-protected right against deprivation of due process was being violated by the state condemnation action. The Petition alleged, in paragraph 4 at page 3 [Ex. I to Affidavit]:

"That the Superior Court of the State of California for the County of Los Angeles in ordering the confiscation and immediate possession at request of the plaintiff without determining whether such property was being taken for a public use and for a public necessity has denied the Defendants the right not to be denied their property without due process of law as guaranteed by the Fifth Amendment of the Constitution of the United States."

The City of Los Angeles thereafter filed a motion to remand the action to the state court on the grounds that no substantial federal question was presented by the Petition for Removal. In its Points and Authorities [Ex. J to Affidavit], the City of Los Angeles argued that the Complaint in Condemnation and the Petition for Removal failed to allege or demonstrate any factual basis for a finding that the Roses were being deprived of property without due process of law.

In their Memorandum in Opposition to the Motion to Remand [Ex. K to Affidavit], the Roses stated the issue as follows, at page 9:

"The Defendants believe and aver that the Plaintiffs' subsequent pleadings in conjunction with the Superior Court Order raises the federal question of the lack of due process enabling the condemnation action to be properly removed. Though the Defendants feel *this action is fraught with other federal questions that could properly be resolved through the State Court procedure and eventually might be decided in the Supreme Court of the United States,* such claims as evidenced by the initial pleading filed by the Defendants are not

in question here. The question raised is whether a Superior Court Judge, after an Ex Parte Declaration, can properly determine the City of Los Angeles has a legal right to take the Defendants property without due process of law as guaranteed by the 14th Amendment to the Constitution of the United States." (Emphasis added).

The motion to remand was granted on the grounds the action was not founded upon the Constitution, treaties or laws of the United States [Order of Remand, Ex. L to Affidavit].

C. State Court Fraud Action.

In November, 1972, petitioners filed a Complaint, Los Angeles Superior Court No. 42538, entitled *J. B. Rose, et al. v. City of Los Angeles, et al.,* to recover damages arising from the alleged wrongful and fraudulent condemnation of their land. Named as defendants in that action were the City of Los Angeles; C. Erwin Piper, Chief Administrative Officer of the City; Charles Luckman Associates ("CLA"), architects for the Convention Center project; Charles Luckman, President of CLA; and Samuel M. Burnett, Project Architect for CLA (CLA, Charles Luckman and Samuel M. Burnett are hereinafter sometimes referred to as "the Luckman Defendants").

The Third Amended Complaint in the state court fraud action is virtually identical to the Complaint filed in the present federal case. In the first cause of action, petitioners alleged that the City, Dr. Piper and the Luckman Defendants conspired to wrongfully condemn the subject property. Petitioners alleged that the property was not intended to be used for a public use but was intended to be used as the site for a

future hotel and trade center [Third Amended Complaint, paragraphs 12-14; Ex. M to Affidavit]. *These are precisely the same allegations made by petitioners as defendants in the first condemnation action.*

Dr. Piper and the Luckman Defendants allegedly were to share in the profits from the construction, development and operation of the hotel and trade center. The Third Amended Complaint further alleged that defendants testified falsely at the condemnation trial concerning the intended public use of the property and concealed the true facts relating to the private development. In the first cause of action, petitioners sought the restoration of the property, or alternatively, compensatory damages of $826,000.00 representing the alleged difference between the condemnation award and the present market value of the parcels involved. Petitioners also sought to recover punitive damages in the sum of $1,000,000.00.

Defendants in the state court fraud action filed successive demurrers to each of the Complaints and asserted that the doctrine of collateral estoppel prevented the relitigation of the public use issue. Defendants contended that the fraud alleged by petitioners did not constitute "extrinsic fraud" which deprived petitioners of their day in Court in the condemnation action. Defendants further asserted that since any alleged fraud was "intrinsic" only, petitioners failed to allege the basis for any collateral attack on the judgment of condemnation and were bound by the Court's determination of the public use and all other issues presented in that action. The Superior Court accepted these arguments and, after granting petitioners leave to amend on three occasions, sustained the demurrer to petitioners' Third Amended Complaint without leave to

amend [Minute Order, Ex. P to Affidavit]. On December 20, 1974, the action was dismissed [Minute Order, Ex. P to Affidavit].

Petitioners appealed the decision to the California Court of Appeal. On August 23, 1976, the Court of Appeal rendered its decision affirming the dismissal of the action by the trial court. The Court specifically agreed with defendants' contention that the action was barred by the traditional doctrine of collateral estoppel. On October 21, 1976, the Supreme Court of California denied a hearing to petitioners.

Petitioners then filed a Petition for Writ of Certiorari to the Supreme Court of the United States seeking review of the decision of the California Court of Appeal, *J. B. Rose, et al., Petitioners v. City of Los Angeles, et al., Respondents,* October Term, 1976, No. 76-1091. On May 2, 1977, this Court denied the Petition.

D. The Present Federal Action.

Petitioners, who now purport to be representatives of a class, brought the present action in the federal court, on April 29, 1975, in an apparent last, desperate attempt to relitigate the same issues decided adversely to them in the state condemnation and fraud actions.

Except for the class action and jurisdictional allegations, the Complaint in this action is virtually identical to the Third Amended Complaint filed in the state court fraud action. In addition to the defendants named in the state court fraud action, the Complaint in this action names as defendants Mayor Tom Bradley, former Mayor Sam Yorty and Robert McRae, Director of the Bureau of Right of Way and Land for the City of Los Angeles. The Complaint again seeks damages

arising out of the alleged wrongful and fraudulent condemnation of the subject property. The Complaint contains precisely the same factual allegations relating to the fraudulent conspiracy, and the alleged perjury and concealment of evidence at trial, which petitioners advanced without success in the state court fraud action. The purported federal jurisdiction in this action is based upon the theory that defendants' alleged actions violated the Civil Rights Act, 42 U.S.C. § 1983, and deprived petitioners of the subject property without due process of law.

Respondents filed a Motion to Dismiss under Rule 12(b) of the Federal Rules of Civil Procedure. In support of the motion, respondents contended that the present action was barred under the principles of *res judicata* and collateral estoppel by the judgments in the condemnation action and the state court fraud action. In this connection, the public use issue raised by petitioners was litigated in the condemnation action and decided adversely to them. Petitioners' claims of due process violations also were, or could have been, asserted by petitioners in the condemnation action. Similarly, petitioners' attack on the Judgment of Condemnation on the grounds of fraud was the issue in the state court fraud action. Petitioners are bound by the adverse judgments regarding all of these issues.

Respondents further contended in their Motion to Dismiss that the Complaint and the records from the condemnation action affirmatively showed that no violation of due process occurred in connection with the condemnation of the subject property. In this connection, petitioners received notice and an opportunity to be heard with respect to all factual and constitutional issues relating to the condemnation. Accordingly, petitioners received all that is guaranteed by the Due Process Clause. Furthermore, with respect to the Luckman Defendants, there was clearly no violation of the Civil Rights Act by these respondents, because no showing was made that these respondents were acting under color of state law.

On August 7, 1975, the Honorable Judge David W. Williams granted respondents' Motion to Dismiss and filed his written opinion in an Order Dismissing Complaint [C.T. pp. 86-89]. Judge Williams treated the motion as one for summary judgment since matters outside the Complaint were considered. With respect to the Luckman Defendants, the primary basis of Judge Williams' ruling was the collateral estoppel theory advanced by those defendants. Subsequently, on September 2, 1975, Judge Williams signed Findings of Fact and Conclusions of Law which were filed on September 11, 1975 [C.T. pp. 94-99].

Petitioners then appealed the decision to the Court of Appeals for the Ninth Circuit, No. 75-3004. On August 7, 1979, the Court of Appeals entered its judgment affirming the judgment of the trial court dismissing petitioners' Complaint.

Only the first cause of action of the Complaint was directed at the Luckman Defendants, on whose behalf this brief is submitted. The Complaint also contained a second cause of action directed at the municipal defendants, alleging improper expenditure of gas tax funds. Since this cause of action does not involve the Luckman Defendants, this brief will discuss only the issues raised by the first cause of action.

REASONS FOR DENYING THE WRIT.

SUMMARY OF ARGUMENT.

1. This Court has previously denied certiorari on the merits to the same parties in the same transaction.

2. Petitioners have failed to demonstrate the presence of any of the traditional reasons for granting certiorari.

3. The decision of the Court of Appeal was manifestly correct.

a. Petitioners have failed to state a claim for the taking of property without due process of law. Petitioners' land was taken pursuant to a state eminent domain proceeding which afforded petitioners notice and an opportunity to be heard on all constitutional questions. This proceeding fulfilled all due process requirements.

b. Petitioners have failed to allege any violation of the Civil Rights Act, 42 U.S.C. § 1983.

i. Petitioners have failed to allege a deprivation of property without due process of law.

ii. The Luckman Defendants were not acting under color of state law.

c. Petitioners' first cause of action is barred by the principles of collateral estoppel. In this connection, petitioners are bound by the determination of the public use issue in the condemnation action and the extrinsic fraud issue in the state court fraud action. All of the requirements for application of the doctrine of collateral estoppel are present, to wit:

i. There is an identity of issues between the condemnation action and this action in that the public use issue, decided adversely to petitioners

in the condemnation action, is an essential element of the first cause of action. The "excess condemnation" referred to by petitioners in their brief is merely part of the public use issue.

ii. There is an identity of issues between the state court fraud action and this action, in that the issue of extrinsic fraud regarding the condemnation judgment, decided adversely to petitioners in the state court fraud action, is again raised by petitioners in this action.

iii. There was a final judgment on the merits in the condemnation action. The judgment in the state court fraud action is also final.

iv. Petitioners, against whom the plea of *res judicata* was asserted below, were parties to the prior adjudication in both the condemnation action and the state court fraud action. The federal courts have abolished the doctrine of mutuality and it is immaterial that the Luckman Defendants were not parties to the condemnation action. The Luckman Defendants were, of course, parties to the state court fraud action.

d. Petitioners' first cause of action is barred by the principles of *res judicata*.

i. Petitioners' first cause of action is the same as the cause of action involved in the condemnation action. The primary right (to own and hold property free from unlawful interference) and the delict or wrong (the unconstitutional taking of petitioners' property) were the same in each case.

ii. The judgment in the condemnation action is, therefore, conclusive as to all substantive and

procedural issues relating to the constitutionality of the taking which were raised or could have been raised in that action.

e. The Calfornia cases cited by petitioners are inapplicable.

I.

THIS COURT HAS ALREADY DENIED PETITIONERS RELIEF IN A PRIOR ACTION BETWEEN THE PARTIES BASED UPON THE SAME FACTS.

As demonstrated by the Statement of Facts, the present Petition is not the first time petitioners have brought this matter before this Court. In the state court fraud action, based upon identical facts, petitioners sought essentially the same relief which they now seek in this federal action. Petitioners filed a Petition for Writ of Certiorari to this Court to review the adverse decision of the California Court of Appeal. This Court denied the Petition.

Petitioners have followed their usual pattern of repeatedly filing a virtually identical brief in every Court which has addressed the litigation between the parties. This Court will note, for instance that pages 18 through 56 of the Petition herein are identical to pages 5 through 41 of the Petition for Writ of Certiorari (Case No. 76-1091) which they filed earlier with this Court in connection with the State Court Fraud Action. Petitioners have not advanced any significant reasons for granting certiorari which were not advanced in the previous Petition filed with this Court.

II.

PETITIONERS HAVE FAILED TO ADVANCE ANY REASON WHICH WOULD JUSTIFY GRANTING CERTIORARI.

Rule 19 of the Rules of the Supreme Court, while not exhaustive, sets forth the traditional reasons forming the basis for a grant of certiorari. None of the reasons set forth in Rule 19, nor any other reason of that character, are present in this case.

Petitioners have failed to demonstrate that there is any conflict among the courts of appeals with respect to any issue involved in this action. Petitioners have similarly failed to demonstrate that the Court of Appeals has decided an important question of state law in conflict with applicable state law.

In the same manner, this case does not involve a decision by the Court of Appeal of an important federal question as yet unsettled by this Court or in conflict with applicable decisions of this Court. In this regard, it is apparent that the lower court's decision was based upon traditional doctrines of *res judicata* and collateral estoppel. These doctrines are well settled and, at least as applied to the present case, are not the subject of any conflict between the courts of appeals.

Furthermore, petitioners have failed to demonstrate that this case has any significance or importance to anyone other than the litigants themselves. The alleged wrong is clearly limited to the facts of this case and does not represent some continuing evil in the governmental exercise of eminent domain powers in California or elsewhere. Petitioners claim to be the victims of a wrongful taking of their property by means of alleged fraud and perjury in a condemnation action. It is

apparent that, even if judgment in petitioners' favor were obtained, the ruling would have no substantial effect on anyone except the litigants to this action.

III.

THE DECISION OF THE COURT OF APPEAL BELOW WAS MANIFESTLY CORRECT. IT THUS PRESENTS NO QUESTION WHICH MERITS SUPREME COURT REVIEW.

A. Plaintiffs Failed to State a Claim for the Taking of Property Without Due Process of Law.

Petitioners admit that their property was taken pursuant to a final judgment in a condemnation action filed in the state court. Since petitioners were afforded notice and the opportunity to be heard, and obtained all of the other procedural safeguards inherent in the California eminent domain statutes and judicial system, it is apparent that all due process requirements were satisfied.

There is no more fundamental right of the State than the right of eminent domain—the right to take property for public use upon payment of just compensation. As the United States Supreme Court stated in *Georgia v. Chattanooga*, 264 U.S. 472 (1924):

> "The power of eminent domain is an attribute of sovereignty, and inheres in every independent State. The taking of private property for public use upon just compensation is so often necessary for the proper performance of governmental functions that the power is deemed to be essential to the life of the State." [Citations omitted] 264 U.S. at 480.

The pleadings and records from the state court action demonstrate that petitioners were afforded an opportunity to be heard with respect to the public use issue and the compensation issue in the condemnation action. Petitioners appeared in the action, were represented by counsel, filed pleadings raising the issues, called witnesses and presented evidence on the issues at a full trial. Under these circumstances, all requirements of due process were met in connection with the condemnation.

> *Green Street Ass'n. v. Daley*, 373 F.2d 1 (7th Cir.), *cert. den.*, 387 U.S. 932 (1967);
>
> *Beistline v. San Diego*, 256 F.2d 421 (9th Cir.), *cert. den.*, 358 U.S. 865 (1958);
>
> *Landowners Consideration Ass'n. v. Montana Power Co.*, 300 F.Supp. 54 (D.Mont. 1969), *appeal dism'd*, 439 F.2d 722 (9th Cir. 1971);
>
> *Robinette v. Chicago Land Clearance Comm'n.*, 115 F.Supp. 669 (N.D. Ill. 1951);
>
> *Zisk v. Roseville*, 56 Cal.App.3d 41 (1976).

Petitioners rely upon a line of cases, commencing with *Mooney v. Holohan*, 294 U.S. 103 (1935), for the proposition that the alleged infidelity of the City in the condemnation action deprived them of due process and that such deprivation can be remedied by a collateral attack. These cases are criminal cases, however, and their rationale has never been extended to condemnation cases which are civil in nature. Furthermore, even in criminal cases, government infidelity does not necessarily give rise to a civil cause of action. *Imbler v. Pachtman*, 424 U.S. 409 (1976). In that case, plaintiff brought an action against a state prosecutor under the Civil Rights Act, 42 U.S.C. § 1983, alleging that the prosecutor knowingly used perjured testimony to obtain a conviction of plaintiff. The complaint further alleged that the use of such perjured

testimony and the suppression of other evidence by the prosecutor resulted in a deprivation of plaintiff's due process rights. The Supreme Court affirmed a dismissal of the complaint, however and held that the use of such perjured testimony does not give rise to a civil cause of action for damages.

Petitioners' cases are unpersuasive in light of the specific authority of the *Montana Power* and *Beistline* decisions cited above, which held that there was no violation of due process rights even though fraud on the part of the condemning authority was alleged.

B. Petitioners Fail to Allege Any Violation of the Civil Rights Act.

In the jurisdictional allegations of their Complaint, petitioners purport to state a cause of action under the Civil Rights Act, 42 U.S.C. § 1983, which provides as follows:

> "Every person who, under color of any statute, ordinance, regulation, custom, or usage, of any State or Territory, subjects, or causes to be subjected, any citizen of the United States or other person within the jurisdiction thereof to the deprivation of any rights, privileges, or immunities secured by the Constitution and laws, shall be liable to the party injured in an action at law, suit in equity, or other proper proceeding for redress."

In order to state a claim for relief under this statute, the Complaint must allege (1) action taken under color of state law and (2) resulting deprivation of

rights, privileges or immunities secured by the Constitution or by federal law.

> *Sykes v. California (Dept. of Motor Vehicles)*, 497 F.2d 197, 200 (9th Cir. 1974).

The only conceivable right, privilege or immunity conferred by the Constitution or federal law of which petitioners might have been deprived is the right not to have property taken for public use without due process of law. As demonstrated above, petitioners' property was taken for public use upon just compensation, and all requirements of due process were met in connection with the state condemnation. Accordingly, petitioners have failed to allege any deprivation of federally protected rights actionable under the Civil Rights Act.

> *Green Street Ass'n. v. Daley*, 373 F.2d 1 (7th Cir.), *cert. den.*, 387 U.S. 932 (1967);
> *Landowners Consideration Ass'n. v. Montana Power Co.*, 300 F.Supp. 54 (D. Mont. 1969), *appeal dism'd*, 439 F.2d 722 (9th Cir. 1971);
> *Robinette v. Chicago Land Clearance Comm'n.*, 115 F.Supp. 669 (N.D. Ill. 1951);
> *Zisk v. Roseville*, 56 Cal.App.3d 41 (1976).

Furthermore, the Complaint herein fails to allege sufficiently that the Luckman Defendants were acting under color of state law in the activities described in petitioners' Complaint. Charles Luckman Associates is clearly a private corporation and Charles Luckman and Samuel M. Burnett are private citizens. At most, the Complaint alleges that these respondents conspired to conceal evidence and commit perjury concerning the intended use of the property in the condemnation action. It has been held, however, that allegations that a police detective and a prosecution witness conspired

to have the witness commit perjury in a criminal proceeding were insufficient allegations that the witness was acting under "color of state law" in a Section 1983 Civil Rights case.

> *Powell v. Jarvis*, 460 F.2d 551, 553 (2d Cir. 1972).

As the Court said in the *Powell* case, "the color of law requirement 'can rarely be satisfied in the case of anyone other than a state official.'" 460 F.2d at 553.

Since the Luckman Defendants were not state officials or purporting to act as such, the Complaint fails to state a claim for relief against these respondents under the Civil Rights Act, 42 U.S.C. § 1983.

C. This Action Is Barred by the Defenses of Collateral Estoppel and Res Judicata.

1. Collateral Estoppel Should Be Applied in This Action Against Plaintiffs on the Issue of Public Use.

Since this is a federal-question case, the applicability of the doctrines of collateral estoppel and *res judicata* are governed by federal law.[1]

> *Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation*, 402 U.S. 313, 324 n. 12 (1971).

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[1]The defenses of *res judicata* and collateral estoppel may be raised in a motion to dismiss pursuant to Rule 12(b) of the Federal Rules of Civil Procedure, prior to the filing of an answer, where the facts upon which the motion is based appear upon the face of the Complaint. *Connelly Foundation v. School Dist. of Haverford*, 461 F.2d 495, 496 (3d Cir. 1972); *Iacaponi v. New Amsterdam Casualty Co.*, 379 F.2d 311, 312 (3d Cir. 1967); *Florasynth Labs. v. Goldberg*, 191 F.2d 877, 880 (7th Cir. 1951). Furthermore, it is proper for the federal court, in connection with a motion to dismiss, to take judicial notice of the state court records in determining the *res judicata* or collateral estoppel effect of the state court judgment in the subsequent federal court action. *Iacaponi, supra*; *Holmes v. U.S.*, 231 F.Supp. 971, 972 (N.D. Ga. 1964).

Under the doctrine of collateral estoppel, where an issue has been raised, fully litigated on the merits and adjudicated by a final judgment in one action, that first judgment operates as an estoppel or conclusive adjudication as to such issue in any subsequent action. The rule of collateral estoppel was stated in the leading case of *Bernhard v. Bank of America*, 19 Cal.2d 807 (1942), which was followed by the Ninth Circuit in *Clark v. Watchie*, 513 F.2d 994 (9th Cir. 1975), and cited with approval by the United States Supreme Court in *Blonder-Tongue Laboratories, supra*. As stated in *Bernhard:*

> "The doctrine of *res judicata* precludes parties or their privies from relitigating a cause of action that has been finally determined by a court of competent jurisdiction. Any issue necessarily decided in such litigation is conclusively determined as to the parties or their privies if it is involved in a subsequent lawsuit on a different cause of action. The rule is based upon the sound public policy of limiting litigation by preventing a party who has had one fair trial on an issue from again drawing it into controversy. The doctrine also serves to protect persons from being twice vexed for the same cause." [Citations omitted]. 19 Cal.2d at 810-11.

There are three factors which the courts have considered in determining whether collateral estoppel should be applied in a particular case:

1. Whether the issue decided in the prior adjudication was identical with the one presented in the action in question;

2. Whether there was a final judgment on the merits in the prior adjudication; and

3. Whether the party against whom the plea is asserted was a party or in privity with a party to the prior adjudication.

Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313, 323-24 (1971);

Clark v. Watchie, 513 F.2d 994 (9th Cir. 1975);

Lynne Carol Fashions, Inc. v. Cranston Print Works Co., 453 F.2d 1177, 1182 (3d Cir. 1972).

All of the criteria for the application of the doctrine of collateral estoppel are present in this case.

a. *Identity of Issues.*

The gravamen of petitioners' first claim is that their property was wrongfully condemned for public use when in fact the City did not intend to use the property for public use. Petitioners are now attempting to show that the property was intended to be sold to private developers for use as a hotel, trade center, office building and international banking center. Accordingly, an essential element of the first claim is that the true purpose of the condemnation was not for public use. However, the issue of public use has already been fully litigated and decided adversely to petitioners in the first condemnation action.

From the pleadings and records on file in the condemnation action, it is clear that the issue of public use

raised and determined in the condemnation proceedings is identical to the issue of public use in the instant case. Petitioners' contention now is exactly the same as it was in the prior proceeding—that the City intended to resell the land to private developers and that this did not constitute a public use.

In their Petition, petitioners discuss at length the concept of "excess condemnation" and assert that no justification existed for the excess condemnation which allegedly occurred in this case. The excess condemnation issue is, however, merely part of the public use issue.

Although "excess condemnation" is not a precise legal term, it generally refers to any taking of property not physically necessary for a public improvement. *See* Matheson, *Excess Condemnation in California; Proposals for Statutory and Constitutional Change*, 42 S. Cal. L. Rev. 421, 422 (1969). In the case at bar, petitioners allege that the City condemned more property than it needed for street widening and that it intended to use the excess property for private purposes. Petitioners do allege, therefore, an excess condemnation. However, the impropriety of such excess condemnation is part of the same public use issue litigated in the condemnation action, since petitioners have alleged that the excess property was not intended to be devoted to a public use. *See People ex rel. Dept. of Pub. Wks. v. Lagiss*, 223 Cal.App.2d 23, 41 (1963); Matheson, *supra* at 425-27.

b. *Final Judgment on the Merits.*

Petitioners acknowledge in paragraph 17 of their Complaint [C.T. p. 4] that the Judgment in the condemnation action became final on or about February 25, 1970. It is also clear that the issue was determined

on its merits, since the public use question was decided after a full trial, commencing on April 18, 1969, at which both oral and documentary evidence was received. Petitioners chose not to appeal the condemnation judgment.

c. *Petitioners Were Parties Defendant in the Condemnation Proceedings.*

The pleadings from the condemnation action establish that petitioners J. B. Rose, Florence Rose and Brownie-Rose Candies, Inc. were defendants in the condemnation action, appeared in the action and were fully represented at trial. Accordingly, petitioners are bound by the determination of the public use issue in the condemnation action.

The fact that the Luckman Defendants were not parties to the condemnation action does not, as petitioners suggest in their Petition, preclude their invocation of the doctrine of collateral estoppel in this case. Increasingly over the last thirty years, the use of collateral estoppel in both federal and state courts has ceased to depend on the artificial doctrine of mutuality. The modern trend has been to preclude a party from relitigating an issue decided against him in a prior action, even if the party asserting the estoppel was a stranger to the first suit. The federal rule comports with this trend.

Blonder-Tongue Laboratories, Inc. v. University of Illinois Foundation, 402 U.S. 313 (1971);

Lynne Carol Fashions, Inc. v. Cranston Print Works Co., 453 F.2d 1177, 1182 (3d Cir. 1972);

United Air Lines, Inc. v. Wiener, 335 F.2d 379, 424 (9th Cir.), *cert. den.* 379 U.S. 951 (1964).

2. The Judgment of Condemnation Is Res Judicata and Precludes Relitigation of the Constitutionality of the Taking.

In addition to constituting collateral estoppel on the issue of public use, the judgment in condemnation was also *res judicata* on the entire question of the constitutionality of the taking.

The present action and the condemnation action are based upon the same claims. The primary right involved in each action was the same—to own or hold property free from unlawful interference. Similarly, the delict or wrong alleged in each case was the same—the unconstitutional taking of petitioners' property. Since the claims are the same, the judgment of condemnation was conclusive as to all substantive and procedural matters which were raised, or which might have been raised in the first action regarding the constitutionality of the taking. Petitioners' present collateral attack on the judgment of condemnation is therefore barred by the principles of *res judicata*.

Brown v. Georgia Power Co., 371 F.Supp. 543 (S.D. Ga. 1973), *aff'd* 491 F.2d 117 (5th Cir.), *cert. den.* 419 U.S. 838 (1974);

Hilliard v. Pennsylvania, 308 F.Supp. 756 (W.D. Pa. 1970), *aff'd on other grounds*, 438 F.2d 92 (3d Cir. 1971).

On the basis of these authorities, petitioners are foreclosed from further litigating any constitutional issues with respect to the taking of their property. Such issues could have been, should have been, and in fact were, raised in the state court condemnation action. If petitioners were dissatisfied with the decision of or procedures utilized by the state trial court, they could have raised any constitutional questions in the

state appellate courts with a right of ultimate review by the United States Supreme Court. The doctrine of *res judicata* precludes petitioners from litigating in the federal court those issues which could have properly been raised in the state court proceeding.

3. Petitioners Are Bound by the Determination in the State Court Fraud Action That There Was No Extrinsic Fraud to Justify a Collateral Attack on the Judgment of Condemnation.

Petitioners attempt to avoid the *res judicata* effect of the judgment in the condemnation action by the allegation of fraud and perjury perpetrated in connection with the judgment. The allegations of fraud in the Complaint in this action, however, are identical to the allegations of fraud in the state court fraud action previously brought by petitioners. The present action, therefore, is a second attempt by petitioners to collaterally attack the judgment in the condemnation action on the grounds of extrinsic fraud.

The rule with respect to extrinsic fraud was summarized in *Chisholm v. House*, 160 F.2d 632, 643 (10th Cir. 1947), wherein the Court stated:

> "Equitable relief from a judgment may be obtained on the ground of extrinsic or collateral fraud. Fraud is regarded as extrinsic or collateral where it prevents a party from having a trial or from presenting his cause of action or his defense, or induces him to withdraw a defense, or operates upon matters pertaining not to the judgment itself, but to the manner in which it was procured. Where, however, the judgment was founded on a fraudulent instrument or perjured evidence, or the fraudulent acts pertained

> to an issue involved in the original action and litigated therein, the fraud is regarded as intrinsic."

In the state court fraud action, respondents successfully demurred to the Third Amended Complaint on the grounds that the fraud, if any, alleged in the Complaint was intrinsic only. The sustaining of the demurrer without leave to amend on the grounds of *res judicata* necessarily implies a finding that there was no extrinsic fraud in connection with obtaining the judgment of condemnation. The Ninth Circuit has ruled that a party who unsuccessfully seeks to attack the integrity of a judgment in one proceeding is bound by the adverse judgment in a second proceeding attacking the integrity of the same judgment, even though some additional facts are pleaded in the second proceeding.

> *Lester v. National Broadcasting Co.*, 217 F.2d 399 (9th Cir. 1954).

Petitioners' present collateral attack on the judgment of condemnation in this action is barred by the adverse judgment in the state court fraud action, in which petitioners were also collaterally attacking the judgment of condemnation on identical grounds. An analysis of the three-part test pronounced in the *Bernhard* case, *supra* at page 23, demonstrates that all prerequisites for application of the doctrine of collateral estoppel on the extrinsic fraud are present in the instant case.

a. *Identity of Issues.*

An examination of the Third Amended Complaint in the state court fraud action and the Complaint in the present case demonstrates that the allegations of fraud, concealment of evidence and perjury are identical in both cases. Respondents contended in the

state court fraud action, as they do in the present case, that such allegations, even if true, did not constitute extrinsic fraud which would justify a collateral attack on the judgment in condemnation. Accordingly, the issues of whether the allegations of fraud constituted *extrinsic* fraud sufficient to support a collateral attack on the judgment of condemnation are identical in both suits.

b. *Final Judgment on the Merits.*

The demurrer to the Third Amended Complaint was sustained without leave to amend and the action was dismissed. The dismissal was clearly on the merits because the Court found the defense of collateral estoppel to exist as a matter of law, even if the truth of petitioners' allegations was accepted. Petitioners had exhausted the avenues of appeal and the judgment is final.

c. *Petitioners Were Parties to the State Court Fraud Action.*

Petitioners J. B. Rose, Florence Rose and Brownie-Rose Candies, Inc. were also parties in the state court fraud action. Although, as discussed above, there is no requirement of mutuality, defendants Charles Luckman Associates, Charles Luckman and Samuel M. Burnett were also defendants in the state court fraud action.

From the foregoing, it is clear that the doctrine of collateral estoppel prevents petitioners from again collaterally attacking the judgment of condemnation on the grounds of extrinsic fraud.

d. *The California Cases Cited by Petitioners Are Inapplicable.*

Petitioners, at pages 38-45 of their Petition, contend that the doctrine of collateral estoppel will not be applied where its invocation will result in an injustice. Petitioners cite only California cases, which are inapplicable to this federal case. Even the California cases cited by petitioners do not stand for the propositions for which they are cited. In this connection, petitioners cite *Cochran v. Union Lumber Co.*, 26 Cal.App.3d 423 (1972) and *Timmsen v. Forest E. Olson, Inc.*, 6 Cal.App.3d 860 (1970) for the proposition that the doctrine of collateral estoppel will not be applied where an injustice will result. The *Timmsen* and *Cochran* cases both relied upon Section 70 of the *California Restatement Judgments*. An examination of Section 70 demonstrates that the exception to the doctrine of collateral estoppel is limited to questions of law. In the condemnation action, the public use issue was a question of fact determined adversely to petitioners.

In every case seeking to set aside a judgment on the grounds of fraud or perjury, there is a danger that some injustice may result from applying the doctrine of collateral estoppel. This danger is, however, outweighed by the important public policies in favor of finality to litigation. As the Court aptly stated in *Kachig v. Boothe*, 22 Cal.App.3d 626, 642 (1971):

> "Paraphrasing the words of Chief Justice Beatty in *Pico v. Cohn, supra*, 91 Cal. at page 134, we recognize that the wrong in this case is a most grievous one. and we should be glad to redress it if a rule could be devised that would

> remedy the evil without producing mischiefs far worse. Reluctance on the part of witnesses to testify for fear of subsequent harassment by unfounded claims of perjury or endless litigation in which nothing was ever finally determined would be worse than occasional miscarriages of justice."

Petitioners also cite *Pentz v. Kuppinger,* 31 Cal. App.3d 590 (1973) and *Caldwell v. Taylor,* 218 Cal. 471 (1933). The *Pentz* case, however, bears no resemblance to this action. In the first place, petitioners incorrectly assert that *Pentz* is a non-fiduciary case. On the contrary, California courts have held that suits between spouses are fiduciary in nature and have made exceptions to the usual rules regarding extrinsic fraud in such cases. *See, e.g., Jorgensen v. Jorgensen,* 32 Cal.2d 13, 19-21 (1948).

It is important to note that the judgment collaterally attacked in *Pentz* was a Mexican judgment. It is understandable that our courts are much less hesitant to grant relief to a party from the judgment of a foreign country where the procedural safeguards do not compare with those of the United States courts and the standards of justice may be questionable. Accordingly, the *Pentz* decision is distinguishable and is unpersuasive in light of the many California condemnation cases directly in point. *See, e.g., Capron v. California,* 247 Cal.App.2d 212, 225-27 (1966); *Hamacher v. People,* 214 Cal.App.2d 180, 182-83 (1963); *Thiriot v. Santa Clara School Dist.,* 128 Cal. App.2d 548, 550-51 (1954). Each of these cases held

that plaintiff property owners were prevented by the doctrine of collateral estoppel from collaterally attacking a judgment of condemnation on the grounds that the governmental agency involved fraudulently deceived the landowners regarding the intended public use of the property. Since the landowners were not prevented from litigating these issues in the condemnation proceedings, the courts found no extrinsic fraud which would justify a collateral attack on the judgment of condemnation.

Caldwell v. Taylor is similarly inapposite. In fact, the holding in *Caldwell* tends to support the respondents' position. In *Caldwell,* the Supreme Court held that in order to allege fraud sufficient to warrant equitable relief from a prior judgment, the fraud alleged must not only be extrinsic, but it must not be the same fraud which was in issue in the prior suit. The Court stated:

> "It also seems to be the rule that the fraud alleged must not be the fraud which is in effect the issue in controversy, the fraud upon which the cause of action in the former suit was based." 218 Cal. at 477.

In the present case, it is clear that the fraud alleged by petitioners in their Complaint is essentially the same fraud which they raised in their defenses in the prior condemnation action. In other words, petitioners contended in the condemnation action, as they do now, that the City did not really intend to use the property for a public use.

Conclusion.

For the foregoing reasons, it is respectfully submitted that the Petition for a Writ of Certiorari should be denied.

Dated: November 27, 1979.

Respectfully submitted,

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